



JPRS Report

DISTRIBUTION STATEMENT A
Approved for public release;
Distribution Unlimited

DTIC QUALITY INSPECTED 2

East Asia

Southeast Asia

19980512 121

REPRODUCED BY
U.S. DEPARTMENT OF COMMERCE
NATIONAL TECHNICAL
INFORMATION SERVICE
SPRINGFIELD, VA 22161

East Asia Southeast Asia

JPRS-SEA-91-021

CONTENTS

5 September 1991

INDONESIA

POLITICAL

Murdani Possible Candidate for President [EDITOR 27 Jul]	1
GOLKAR Chief on Nomination Procedure [SUARA KARYA 29 Jul]	1
GOLKAR: Support From Islamic Boarding Schools [EDITOR 27 Jul]	2
Over 111 Million Voters Projected for 1992 Election [TEMPO 27 Jul]	3
Islamic Boarding Schools Important to Politics [EDITOR 20 Jul]	4
Government Successes Against Aceh Terrorists	5
Leaders Killed [KOMPAS 10 Jul]	5
Terrorists Paralyzed [MERDEKA 10 Jul]	6
Discussion of Campaigning on College Campuses [EDITOR 20 Jul]	6
Kidnapping Report of PDI Chairman's Opponents [TEMPO 27 Jul]	7

ECONOMIC

Suharto Warns Companies To Transfer Stock [MERDEKA 22 Jul]	8
Minister on Interest Rates, Customs Improvements [MERDEKA 24 Jul]	9

MALAYSIA

ECONOMIC

South Korea, Third Largest Investor [BERITA HARIAN 13 Jul]	10
South Korea To Invest in Small, Medium Industry [BERITA HARIAN 16 Jul]	10
Fiji Targeted as Marketing Center [BERITA HARIAN 7 Jul]	11
Trade, Cooperation Agreements With Argentina [BERITA HARIAN 2 Jul]	11
Mahathir: Foreign Investment in High Technology [BERITA HARIAN 17 Jul]	12
Analysis, Projection of Economy Through 2000 [SIN CHEW JIT POH 23-24, 29 Jun; 1 Jul]	12
Kelantan Hydroelectric Plant Gets \$5 Million Loan [BERITA HARIAN 13 Jul]	22
Telephone Company Unable To Meet Demand [UTUSAN MALAYSIA 10 Jul]	23

PHILIPPINES

Investments Increased Despite Crisis [MINDANAO CROSS 13 Jul]	24
Hostilities Outbreak Feared in Province [MINDANAO CROSS 10 Jul]	24
Commentary on Geothermal Wells Construction [MINDANAO CROSS 13 Jul]	24

THAILAND

POLITICAL

Chawalit Discusses NAP Stance, Suchinda Ties [KHAO PHISET 10-16 Jun]	26
Prasong Sunsiri on NAP Strategy, Chawalit [KHAO PHISET 8-14 Jul]	28
Khukrit's Views on Funding for Political Parties [BAN MUANG 16 Jul]	30
JUP Activist Discusses Party Affairs [SIAM RAT SAPDA WICHAN 7-13 Jul]	31
Editor Warned on Negative NPKC Reporting [SIAM RAT SAPDA WICHAN 7-13 Jul]	36
Commissions on Weapons Purchases Discussed [KHAO PHISET 17-23 Jun]	37

MILITARY

Atmospherics of Sunthon Trip to Vietnam [LAK THAI 10-16 Jun]	38
Navy May Sell Boats to Burma, Bangladesh [LAK THAI 8-14 Jul]	39

Further Reporting on PRC Frigate Purchase [LAK THAI 16-23 Jun]	40
PRC-Made Shoulder-Fired Missiles [LAK THAI 10-16 Jun]	42

ECONOMIC

Chamber of Commerce Chief, IPR Stance Profiled [SIAM RAT SAPDA WICHAN 14-20 Jul]	42
Drug Specialists Comment on Patent Impact [BAN MUANG 8 Jul]	43

VIETNAM

POLITICAL

National Party Congress Discusses Regulations [TUOI TRE 11 Jul]	45
---	----

MILITARY

Artillery Branch Commander Interviewed on Training [QUAN DOI NHAN DAN THU BAY 29 Jun]	46
---	----

ECONOMIC

National Economic Achievements Cited [HANOI MOI 24 Jun]	47
Gold Price, Dollar Rate Affect Economy [TUOI TRE 25, 27 Jul]	48
Gold Price, Dollar Rate Floating	48
Production Difficulties Seen	48
State-Run Economy Noted at Party Congresses [NHAN DAN 31 May]	49
State Commission Chairman on Investment Market [TUOI TRE 25 Jul]	51
Solution To Capital Shortage Suggested [THOI BAO KINH TE SAIGON 6-12 Jun]	53
Statistical Data From Trade Journal [VIETNAM FOREIGN TRADE Feb]	54
Suggestions Made on Wages, Educational Matters [TUOI TRE 25 Jul]	57
Airline Crews' Involvement in Smuggling Noted [HANOI MOI 9 Jun]	58

SOCIAL

Labor Official's Views on Wages, Salary Project [TUOI TRE 20 Jul]	59
---	----

BIOGRAPHIC

Information on Personalities [NHAN DAN, etc.]	60
---	----

POLITICAL

Murdani Possible Candidate for President

91SE0333B Jakarta EDITOR in Indonesian
27 Jul 91 p 30

[Text] MENHANKAM [Minister of Defense and Security] Murdani is increasingly being asked about his willingness to be president. He was most recently queried on 16 July by the director of the Yogyakarta boarding school region during the National Working Conference of the Indonesian Association of Islamic Boarding Schools, held at the Qomaruddin Islamic Boarding School in Gresik. You are often mentioned as a nominee for president. What is your position? "My position is the same as that of other people: It is up to the MPR [People's Consultative Council] and the people the MPR represents," L.B. Murdani said after his speech.

Earlier, on 7 July, L.B. Murdani's name came up in a seminar on teenagers at the Surabaya Mosque. A participant asked Abdurrahman Wahid [Gus Dur] about the possibility of a non-Muslim becoming president. Gus Dur explained that the Constitution says only that the president must be a native Indonesian. As for being a non-Muslim, Gus Dur said, "I talked with Pak Beny (L.B. Murdani) about whether he is willing to be president. He replied, 'I am a Catholic. How can I be president?'"

The association of L.B. Murdani's name with the office of president began in a DPR [Parliament] Commission I hearing with the Department of Defense and Security on 26 June. Marzuki Darusman (F-KP [GOLKAR Faction]) mentioned L.B. Murdani as a candidate for vice president, but the MENHANKAM did not respond. When pressed by reporters after the meeting, the MENHANKAM replied, "No, I want to play golf."

The mention of L.B. Murdani in various forums as a candidate for the number-one or number-two place in Indonesia indicates to the public that the MENHANKAM indeed is available for those jobs. When EDITOR directly asked him about his position, the MENHANKAM responded, "Don't mention being a candidate for president; an evil spirit may be passing by." But what if the evil spirit leads there? "Oh, I will be the one to blame; but what if it really happens?"

GOLKAR Chief on Nomination Procedure

91SE0344A Jakarta SUARA KARYA in Indonesian
29 Jul 91 pp 1, 8

[Text] Jambi (SUARA KARYA)—For GOLKAR [Functional Group], the announcement of a presidential candidate at this time is not a question of boldness but of mature, careful thinking and calculation. The nomination of a president involves procedural and ethical elements. He gave assurance, however, that GOLKAR is always ready with candidates and cannot possibly suffer stagnation, in the sense of being unable to submit the name of a candidate.

Wahono, GOLKAR DPP [Central Executive Council] general chairman, said this at an AMPI [Indonesian Renewal Youth Organization] social readiness rally in Jambi on Saturday [27 July] and complemented it with an exclusive interview with SUARA KARYA after the program.

In his exclusive interview, Wahono said that procedurally the disclosure of a presidential candidate can be made after GOLKAR completes its draft structure for the GBHN [Broad Outline of State Policy]. Since the president is the MPR [People's Consultative Council] mandatary and the one who leads GBHN implementation, GOLKAR will not make an inventory of leaders who can be depended on to lead implementation of the GBHN until after GOLKAR has completed its concept for the GBHN. "Procedurally, then, a nomination will be made when the GBHN concept has been discussed," he said. GOLKAR is now busy with preparation of materials for the draft GBHN that will be taken to the MPR General Assembly.

"The issue involves ethics as well as procedure," he added. "Although we may have completed the draft GBHN and have a candidate, we cannot then immediately announce his name. We must first ask the person whether he is willing or not. These are ethics that cannot be ignored," he said. He guaranteed, however, that GOLKAR will be ready at the right moment with a candidate who will be seen as appropriate for the position. When asked whether more than one candidate is being readied, Wahono said that the main point is one of readiness and absence of stagnation with regard to presidential nominations. "Is this consistent with your statement about the 'gamecock being preened'? And who are the ones being preened?" SUARA KARYA asked. "The important thing is that there are candidates," he said, laughing.

Nominate Themselves

Wahono said in reply to a question that the GOLKAR DPP has not "processed" the presidential candidate issue, nor have any GOLKAR elements officially submitted nominations. "Unofficial nominations have come in, however," he said, mentioning a number of people from Bandung and Jakarta. The names that have come in generally are from people wanting to nominate themselves for president. They have all kinds of reasons. There was even one who had a vision that he would be president.

It can be concluded from the contents of their letters, Wahono said, that some are mentally disturbed and others are playing games. "I am sure that if we looked for them we would find that those addresses do not exist," he said. "I don't know whether their intention is to disrupt or to carry on a kind of 'psywar.' Clearly, GOLKAR will hold to its own program and policies," he said.

AMPI

The visit of GOLKAR DPP General Chairman Wahono focused on observing AMPI activities in Jambi Province. He was accompanied by his wife, Mrs. Mien Wahono, GOLKAR DPP Secretary-General Rachmat Witoelar, DPP Chairman Drs. Waskito, and a number of DPP

members. Besides leading a readiness rally to commemorate AMPI's 13th anniversary, Wahono laid the first brick for the AMPI Level I Region DPD [Regional Executive Council] secretariat building. The building, located on 1,500 square meters of land, will cover 400 square meters and will have two stories. It will be built at a cost of 120 million rupiah. "As of now, however, only 20 million rupiah have been collected; 100 million rupiah are still needed," said AMPI DPP General Chairman Widjanarko Puspoyo, MA.

Wahono gave 5 million rupiah to help with construction of the building. AMPI was able to collect an additional 1.5 million rupiah through contributions made during the program.

Jambi Governor Abdurrahman Sayuti expressed his hope that the building will become a means of channeling the dynamics of the younger generation.

Besides receiving help toward constructing the building, Jambi Province AMPI also obtained assistance from GOLKAR functionaries in the Agriculture Department in the form of seedlings, fish, and chickens worth 300 million rupiah. AMPI will then present these as a help to the community.

Assistance presented by Effendi Sulaiman to AMPI through AMPI DPP General Chairman Widjanarko Puspoyo at a ceremony on Sunday morning [28 July] consisted of 100,000 rambutan seedlings, 90 kilograms of soybean seed, 16,000 young fish, 30,000 coconut seedlings, 170,000 rubber seedlings, 750 chicks, and elephant grass seedlings. These will be distributed when the rainy season arrives.

GOLKAR: Support From Islamic Boarding Schools

91SE0333A Jakarta EDITOR in Indonesian 27 Jul 91 pp 28, 29

[Text] A prayer for peace and prosperity resounds several times throughout the Qomaruddin Islamic Boarding School, Gresik, signaling that leading people are on hand for an important event. In this case, it was the National Working Conference of the RMI (Indonesian Association of Islamic Boarding Schools). The presence of no less than Minister of Religion Munawir Syadzali, Minister of Defense and Security L.B. Murdani, Armed Forces Commander Try Sutrisno, BKKBN [National Family Planning Coordination Board] Chairman Haryono Suyono, and GOLKAR [Functional Group] General Chairman Wahono gave importance to the program.

The presence of GOLKAR General Chairman Wahono in the conference of 260 Islamic boarding school leaders from 16 provinces gave the impression of a political marriage between the boarding schools and GOLKAR in next year's election. Was GOLKAR officially "seeking the hand" of Islamic boarding schools? "Don't say that. Gus Dur [Abdurrahman Wahid] will be angry. And should I tell secrets in such a public place?" he argued.

The RMI works in 26 provinces and encompasses about 6,700 Islamic boarding schools. "The participating schools

are only those under the NU [Muslim Scholars League]," RMI Secretary-General K.H. Imron Chamzah told EDITOR. According to Imron, 90 percent of Islamic boarding schools are embraced by the NU.

The 1926 Policy provides that NU members are free to decide their own political position. "In this connection, the Islamic boarding schools have autonomy and independence," said Abdurrahman Wahid. Boarding schools may therefore channel their aspirations through the PPP [Development Unity Party], the PDI [Indonesian Democratic Party], or GOLKAR.

According to Muslich Chusnan, deputy secretary of the National Working Conference Committee, invitations were sent to all OPP's [election participant organizations]. Wahono of GOLKAR was the only one who attended. No one appeared from the PPP or PDI. "Since I didn't receive an invitation, how could I come?" asked Soerjadi, general chairman of the PDI.

Soleleiman Fadeli, chairman of the East Java PPP DPD [Regional Executive Council], acknowledged that he had received an invitation but said that because of important business he merely sent his deputy. H. Djuwardi Effendi, East Java PDI DPD chairman, was unfortunate. "Since I didn't get an invitation to the RMI National Working Conference, I didn't come," he said.

Muslich Chusnan admitted that invitations had been sent from Surabaya in various ways. Those to the PPP and PDI were sent by regular special delivery. "We sent the ones to GOLKAR by express special delivery," Muslich said.

The same methods were used in sending invitations to the boarding schools. In fact, the Badrut Tuja Islamic Boarding School in Kraksaan, Probolinggo, East Java, which is under the NU but is known as a PPP school, was not invited. Thus, as a result of the 1926 Policy there are schools identified as wearing GOLKAR "coats," and some identified as wearing PPP "coats."

Wahono acknowledged that he came to the conference merely out of respect for the invitation. It must be admitted, however, that his presence shows the great influence of this former East Java governor among the Muslim scholars who head the boarding schools. His access to them is a heritage of his leadership during the time he governed East Java. "In fact, I have been close friends of the Muslim scholars since the time I was a military region commander," Wahono told EDITOR.

The GOLKAR DPP [Central Executive Council] general chairman did not make a speech but merely greeted a number of the scholars, including K.H. Shohib Bisri, leader of the Mambaul Ma'arif Islamic Boarding School at Denanyar, Jombang. GOLKAR is seeking two candidates for the DPR [Parliament] from that school, located at the place where Gus Dur was born. K.H. Shohib Bisri is Gus Dur's uncle.

The Darul Ulum Islamic Boarding School at Jombang is a GOLKAR stronghold that has been faithful since 1975. When "fusion" took place in the PPP in 1973, Darul Ulum

declared its dissatisfaction. "The small parties should have been assimilated into the big ones like the NU, but what happened was the reverse," said Darul Ulum leader K.H. As'ad Umar, who is still a member of the F-KP [GOLKAR Faction] in the East Java DPRD [Regional Legislature].

Darul Ulum is more satisfied flying GOLKAR's flag. "Our joining GOLKAR turned out to be effective," he asserted. The proof is that GOLKAR won all the elections from 1977 to 1987. In the 1987 election, for example, GOLKAR received 240 votes at the boarding school's polling place, but PPP received only 110.

During the 1992 election campaign, K.H. As'ad Umar plans not to accept any contestants but GOLKAR. "Except for nonpolitical or friendly contacts," he explained.

After Darul Ulum, the school giving the most support to GOLKAR is the Zainul Hasan Islamic Boarding School at Genggong, Probolinggo. The late K.H. Zainul Hasan, a relative by marriage of singer Rhoma Irama, had given the reason for his support: The PPP keeps the NU at a distance, as evidenced by the number of NU leaders who hold seats in legislative bodies. Genggong's influence is great, since it is one of the 10 biggest boarding schools, with more than 4,000 students and a college.

East Java GOLKAR appears to be even more diligent in approaching the Islamic boarding schools as the 1992 election approaches. Many "confirmed candidates" for legislatures as F-KP members are boarding school leaders.

So far, it appears that the PPP is still better off than the PDI. "I have never heard of an Islamic boarding school supporting the PDI," Gus Dur said.

There are still many boarding schools that, as conservatives, support the PPP. For example, the Badrut Tuja Islamic Boarding School at Kraksaan, Probolinggo, led by K.H. Badri Masduki, has supported the PPP since 1977. "I will continue to support the PPP, especially now that there is no problem with its leadership," K.H. Badri stated.

K.H. Badri Masduki is known as a conservative. For example, he does not want to be nominated to be a legislator, preferring to teach his 2,600 students. "I choose to lead the boarding school," said the Muslim scholar who once issued a ruling forbidding anyone at the Second Congress, held at the Horizon Hotel in Jakarta, to vote for J. Naro as PPP DPP general chairman for the 1989-1994 term.

There are several other boarding school heads who remain faithful to the PPP. They include K.H. Allawy Muhammad and K.H. Hasyib Siraj from Sampang, H.H. Moh. Amin from Bangkalan, and Samsuri Badawi from Tebu Ireng.

K.H. Yusuf Hasyim of Tebu Ireng reportedly is returning to the PPP. PPP DPP General Chairman H. Ismail Hassan Metareum has twice visited him to urge him to take a legislative seat. "So far, no one has said anything about that to me, whether the PPP, PDI, or GOLKAR," responded K.H. Yusuf Hasyim.

There will be about 111 million voters in the 1992 election. GOLKAR has long had a target of 73 percent of the votes so that it can keep its "status quo" of 299 seats in the DPR. With the return of the NU to the 1926 Policy, the PPP was dramatically "deflated." Its conservative supporters among the Islamic boarding schools can be counted on one's fingers. How many will GOLKAR get? "God willing, we have much support, about 25 percent of all GOLKAR votes," Wahono told EDITOR.

Over 111 Million Voters Projected for 1992 Election

91SE0332A Jakarta TEMPO in Indonesian 27 Jul 91
pp 24, 25

[Text] There were people who anxiously awaited the announcement by the General Election Board (LPU). These people were the election participant organization (OPP) "provisional" candidates for legislative assemblies. They awaited the information that Rudini, as LPU chairman, would announce.

According to the announcement, which was made after a working meeting of the Indonesian Election Committee, in the 1992 election there will be 111,039,000 voters out of an Indonesian population of about 177,500,000. These figures were provided by the Voter Registration Committee (PENTARLIH), which worked on data from 1 May until last Saturday [20 July].

These figures determine the number of candidates for the DPRD's [regional legislatures] at levels I and II. Law No. 2 of 1985 provides that the number of members for level I and II DPRD's are to be determined by dividing population by 200,000 (level I) and 10,000 (level II). Numbers of seats are obtained from this calculation. The OPP's then nominate twice as many candidates as the number of seats.

As far as the number of delegates at the national level is concerned, there will be no change in the number of DPR [Parliament] seats, which will remain at 400. The allocation of DPR seats for each province is done by a fixed formula, which uses, among other things, the number of level II regions, i.e., 280. This figure does not include the Metropolitan Jakarta DKI [Special Capital District] or East Timor. Law No. 2 of 1985 provides that the DKI will have eight delegates. East Timor is represented by four people (according to Government Regulation 35/85).

The remaining 108 DPR seats are allocated based on population. Under this formula, the level I population is reduced by the level II population, which is multiplied by 400,000. Using this calculation, the number of East Java seats, which totaled 64 in the last election, will be reduced by two. The DKI (15), Yogyakarta Special District (7), and Central Java (59) will have one less seat each.

Naturally, there are provinces that will get more seats: North Sumatra, Lampung, West Kalimantan, North Sulawesi, and Maluku. All of these will have one additional seat. The "allocations" for North Sumatra, Maluku, and Lampung will increase because of new level II regions. The

ratio between delegates from Java and those from outside Java is now balanced at 200:200. The previous ratio was 205:195.

There will be no change in the number of delegates from East Timor. The youngest of provinces, which had elections in 1982 and 1987, will continue to have only four delegates in the national legislature despite having 13 level II regions.

There are relatively few changes in the memberships of level I DPRD's, where numbers of seats are determined by dividing population by 200,000. Under a provision that there will be a minimum of 45 seats and a maximum of 100, East Java, Central Java, and West Java will continue to have 100 members each. North Sumatra, which before had 46 seats, will now have 50, consistent with its population growth. The other provinces will continue to have 45 seats each.

In the meeting, Damciwar, a member of the Election Supervisory Committee, asked what to do if there are new level II regions. Rudini, who was accompanied by deputies Try Sutrisno and Harmoko, told ANTARA that the calculations will be reviewed.

Fatimah Achmad, member of the Election Committee, asked about the home minister's "promise" to review the number of members in the Metropolitan Jakarta DKI level I DPRD. She feels that the 60 members set by law should be increased. Her reasons are that, besides being the capital and a national barometer, the DKI—made up of five administrative cities—has no level II DPRD. Rudini again replied, "We will seek a way out."

Islamic Boarding Schools Important to Politics

91SE0330B Jakarta EDITOR in Indonesian 20 Jul 91
pp 30, 31

[Article by Masduki Baidlawi: "Capturing the Islamic Boarding School Community"]

[Text] Islamic boarding schools and politics: These two key terms are closely related when a general election approaches. At such times, the sociopolitical organizations diligently "woo" the boarding schools. For example, the PPP [Development Unity Party] DPP [Central Executive Council] has been busily campaigning at a number of the best known Islamic boarding schools in Indonesia. "You may say that we have visited all the big boarding schools. The results are encouraging," Matori Abdul Djalil, secretary-general of the PPP DPP, said diplomatically.

This July, Ismail Hasan Metareum, SH [Master of Laws], general chairman of the PPP DPP, is still busy visiting a number of Islamic boarding schools. Last week, the top leader of the party that uses the star as its symbol visited the oldest and most famous boarding school in West Java, the Buntet Islamic Boarding School in Cirebon. "I always seek input from Islamic scholars and community leaders, so that their aspirations can be more clearly expressed," Ismail Hasan said.

The PPP DPP will visit several more boarding schools, including the Lirboyo Islamic Boarding School in Kediri and several others in East Java. The PPP's activity at boarding schools has been very conspicuous as the next election approaches. Why? "Working the boarding schools is one of the important parts of PPP strategy, for we must honestly admit that they are the sources of PPP funds," Matori said. It must also be acknowledged that much of the Islamic boarding school community—most of which belongs to the NU [Muslim Scholars League]—abandoned the PPP in the 1987 election and moved to the shadow of the "banyan tree" [symbol of GOLKAR (Functional Group)].

The reason was simple. H.J. Naro, PPP leader at that time, was viewed as having harmed the NU. Will the Islamic boarding school community return to the PPP in the 1992 election? "That is our hope. Naturally, we want to recover the votes we lost in the 1987 election," Matori said. In the 1982 election, the PPP won 92 of the 360 contested seats. That equates to 30 percent of the total vote. In 1987, the number of seats it won fell to 61 out of 400.

GOLKAR, too, believes that the boarding schools cannot be treated lightly. "The Islamic boarding schools are a subsystem of our education system and are a national asset. Therefore, GOLKAR's attention to boarding schools is not given at election time alone," said Kafrawi, M.A., chairman of the GOLKAR DPP Spiritual Affairs Department. The proof of that, Kafrawi said, is that there are many GOLKAR cadres in the boarding schools.

Two months ago, GOLKAR DPP Chairman Wahono paid a visit to the Rejoso Islamic Boarding School in Jombang, East Java. Visiting boarding schools in the provinces has become routine for GOLKAR. Kafrawi said that the boarding schools now are not oriented in just one direction, as they were before. It is true that most of the schools are under the aegis of the NU. "However, the claim that the boarding school community is the property of the PPP is no longer valid. If you do not believe it, ask Gus Dur [Abdurrahman Wahid]," he added.

According to H. Anang Adenansi, chairman of the GOLKAR DPP Election Victory Department, his group is trying to see to it that the Islamic boarding school community has the same aspirations as GOLKAR. "At the least, we want to ensure that the pattern of support GOLKAR received in the 1987 election remains unchanged until the next election," he said. A source in the GOLKAR DPP said, however, that GOLKAR DPP approaches to the boarding schools are not as intensive as they were before, particularly in the days of Sudharmono and Amir Moertono.

The PDI [Indonesian Democratic Party] does not want to be left out of working the boarding schools, and this activity is part of the strategy of the party of the "ox head" [PDI symbol] for snaring votes in the next election. Nevertheless, the party has not declared a special strategy, said Soerjadi, general chairman of the PDI DPP. "We leave approaches to the Islamic boarding schools up to the provinces, but this does not mean that the PDI DPP is not

willing to visit the schools," Soerjadi said. PDI leaders have visited the Tebuireng Islamic Boarding School in Jombang, among others.

K.H. Yusuf Hashim, leader of the Tebuireng Islamic Boarding School said, "All of the leaders of sociopolitical organizations have visited here. We welcome all of them. Our boarding school will remain neutral in the election." Most of the boarding schools take this neutral position. The Mu'tahidah Association of Indonesian Mosques and Prayer Houses (IMMIM) in Ujungpandang is an example. "If the PPP program is appropriate, we will follow the PPP. The same is true of GOLKAR and the PDI," Drs. Azhar Arsyad, M.A., leader of the IMMIM, told EDITOR. Azhar recommended, however, that his students offer prayers for divine guidance so that they will not make the wrong choice when election day arrives.

K.H. Izzuddin, leader of the Buntet Islamic Boarding School in Cirebon, has made his choice, however. For him, there is no reason not to choose the PPP. Therefore, when PPP leaders recently visited the boarding school, Izzuddin gave his "blessing" to his students' voting for the PPP. "The point is, you must cast your ballot for the PPP," he said. K.H. Badri, leader of the Kraksaan Islamic Boarding School in Probolinggo, East Java, has taken the same position.

K.H. As'ad Umar, leader of the Darul Ulum Islamic Boarding School in Jombang also has taken a position of affiliation with a particular sociopolitical organization. In this case, however, he chose the shadow of the "banyan tree."

It must be acknowledged that the Islamic boarding school community offers potential for gathering votes. There are 6,700 boarding schools under the aegis of the NU alone. All of them belong to the Rabithatul Ma'ahidil Islam (RMI). For that reason, leaders of sociopolitical organizations are increasingly busy in making visits to boarding schools. This is understandable, for boarding school leadership remains paternalistic. Because a leader's statement becomes the basis of student action, it is very effective for political party leaders to approach scholars who head the boarding schools.

To deal with all of this, the RMI, which is better known as the Indonesian Association of Islamic Boarding Schools (in the sphere of the NU), deems it necessary to hold a National Working Conference. Up to now, the RMI has followed guidance provided in a consultation meeting with the PBNU [NU Executive Council] on 19 May.

It was decided then that the boarding schools should be neutral in the next election. "Because each school has absolute authority, however, what the RMI did was merely to issue a call that the schools take a neutral position," RMI Secretary-General K.H. Imron Hamzah told EDITOR.

The RMI National Working Conference is scheduled for next week in Gresik, East Java. Things to be discussed in the conference include the possibility that Islamic boarding schools will become a campaign arena for the

1992 election. "Some scholars who are leading boarding schools have agreed that there will be no campaigning at their schools," Imron Hamzah stated. Nevertheless, Imron himself does not rule out the possibility that varying decisions may be made among the 6,700 Islamic boarding schools under his purview. Boarding school autonomy remains in effect.

Government Successes Against Aceh Terrorists

Leaders Killed

91SE0328Z Jakarta KOMPAS in Indonesian 10 Jul 91
p 13

[Text] Medan (KOMPAS)—Tengku Hamzah (56), who called himself "commander" of Aceh terrorists, and T. Abdul Rachman (53), "deputy governor" of Batee Iliak Area, and five of their bodyguards died in a raid last Thursday [4 July] at 2300 hours West Indonesia time.

Lieutenant Colonel Drs. Achmad Soedja'i, chief of information for Military Region Command I/Bukit Barisan, revealed this to reporters in Medan on Monday afternoon [8 July]. He said Tengku Hamzah and three of his bodyguards died in a raid in the Ceudeuk Mountains area of Peudada Subdistrict, North Aceh. The bodyguards were M. Rusli (30) and M. Hasan (20) from Jeuneub and Murtala Usman (28) from Matang Geulumpang, North Aceh.

He said that at the time of the raid, Tengku Hamzah, who was second to Hasan Tiro, so-called supreme leader of Aceh terrorists, was in a black plastic tent with his bodyguards. He disregarded warnings and even resisted.

A long-barreled weapon, 41 cartridges, two cartridge magazines, a typewriter, a bundle of important documents, a bag of clothes and food, and 725,000 rupiah in cash were confiscated from their tent. The money had been seized from the community.

Tengku Abdul Rachman, who called himself "deputy governor" of Batee Iliak Area, died with two unidentified bodyguards.

The three died in a special raid launched by ABRI [Indonesian Armed Forces] units and members of the community at 0930 on Friday [5 July] in the Coh Mountains area of Jeumpa Subdistrict, North Aceh Regency.

Base

The information chief said the public is using Pidie, North Aceh, and East Aceh Regencies as its base for fighting to destroy terrorists in critical areas and in Aceh generally.

One effect of ABRI's successful territorial development in those three areas of Aceh has been that terrorists are afraid to meet members of the community, because people are no longer afraid of terrorist threats and terror. Citizens dare to report openly and quickly whenever they find terrorist hideaways. As a result, terrorist logistics channels have been entirely severed.

The only option Aceh terrorists have now is to save themselves individually. The information chief added that all operations to stamp out Aceh terrorists give priority to humanitarian approaches, such as appeals for surrender. Terrorists still put up resistance, however, and use violence.

Consistent with the community's pledge regarding Aceh terrorists who insist on violence, ABRI units have no choice but to kill them, he added.

Terrorists Paralyzed

91SE0328Z Jakarta MERDEKA in Indonesian
10 Jul 91 pp 1, 11

[Text] Lhokseumawe, Aceh (MERDEKA)—It may be said that terrorists are now almost completely paralyzed. The people dislike them, and many have surrendered.

Minister of Home Affairs Rudini, who on Tuesday [9 July] made a day-long tour of several subdistricts in East Aceh and North Aceh Regencies, was welcomed by thousands of residents carrying banners declaring their displeasure with the terrorists.

In the Idi Subdistrict, East Aceh, scores of banners carried by the crowds who welcomed the minister called on ABRI [Indonesian Armed Forces] to destroy the terrorist movement quickly. One of the banners said in Acehnese, "Kill the snake, but don't break the tree branch; wipe out the terrorists, but don't hurt the people."

East Aceh Regent Moh. Nur said in his report to the home minister that the East Aceh people will not give so much as a foot of ground to the terrorists.

"The security situation in this area is very different from what it was six months ago, when the presence of the terrorists was still being felt," he said.

Colonel Syarwan Hamid, commander of Military Precinct Command 011, told reporters that the number of terrorists is very small. It is hard for them to hide, let alone terrorize, because there are no longer any citizens who will receive them. The terrorists do not even dare to return to their homes and families, since their relatives and families also reject them.

According to Syarwan Hamid, the terrorists have been ostracized because residents realize that the terrorists have interfered with many things important to the community. Contractors have been afraid to come into the area out of fear that their projects will be interfered with. Doctors have refused assignments in the interior. Irrigation projects have been damaged, and other similar things have happened.

Speaking to the community, Rudini stressed the importance of unity and integrity. He also asked community leaders to strengthen their ties with administrators and government agencies.

"State frankly what the people want and do not want," Rudini said in Dewantara Subdistrict, North Aceh. ABRI's Operation "Bhakti," which is now under way there in

cooperation with the community, has built 9 kilometers of road and an irrigation network to serve construction of 650 hectares of shrimp ponds.

Discussion of Campaigning on College Campuses

91SE0330A Jakarta EDITOR in Indonesian
20 Jul 91 p 29

[Article by Yohanes Sumadya Widada: "Votes From Campus"]

[Text] "We invite you to campaign on campus!" This controversial statement was made by Prof. Supardi, rector of Lambung Mangkurat University, Banjarmasin. He made this statement, which is contrary to the current flow of opinion, as a response to the position of college rectors who reject campaigning on campuses by OPP's (election participant organizations).

Minister of Education and Culture Fuad Hassan said, "Campaigning on campus is up to the rectors. Colleges themselves have autonomy for determining their own positions, according to Law No. 2 Regarding the National Education System."

Rectors, however, generally tend to disagree that campuses should be campaign arenas. Their position was expressed in a joint resolution announced at a working conference of leaders of PTN's (state colleges) and PTS's (private colleges), held from 24 to 26 June.

Prof. Supardi takes a different position, claiming that colleges have platform freedom on the basis of Law No. 2. He has no objection to Lambung Mangkurat University's platform being made a campaign arena by the three OPP's. "Please do. The condition is that all three OPP's must come to campus at the same time. I will not permit the OPP's to campaign separately," he said.

A model for such campaigning occurred on that campus in 1987. In the auditorium of the Law Faculty, students heard OPP leaders peddle their concepts. "The PDI [Indonesian Democratic Party] participated in the campaigning," PDI General Chairman Soerjadi told EDITOR.

"It is a fact that campuses are an object of our attention," said Anang Adenansi, chairman of the GOLKAR [Functional Group] Election Victory Department. The strategic value of campuses is that most of the 17 million new voters are there.

According to an EDITOR source, the working conference of rectors agreed that political communication on campuses should be limited to the academic level. "If there are practical political activities such as campaigning, we fear campuses will be fragmented," the source said.

Trimarjono, SH [Master of Laws], rector of Wijaya Kusuma University, Surabaya, confirmed this. He said students should be given political education. "It would be regrettable to me if students do not dare to express their opinions," he said.

Another voice comes from ITB [Bandung Institute of Technology], Bandung. "I ask for understanding. The OPP's should not campaign on campus. I feel that the campaign information can be conveyed by the mass media," said ITB Rector Wiranto Arismunandar. This is consistent with the view of UGM [Gajah Mada University] Rector Prof. Adnan. He said the OPP's do not need to present political information directly to campuses. "There is almost no boundary between campuses and the community," Adnan said.

PDI General Chairman Soerjadi stated that campaigns on campus need not cause concern. He feels that what Lambung Mangkurat University does shows courage that should be studied. "Actually, it is up to the rector to decide what politics are, and campuses should not be defined merely geographically," Soerjadi said.

The chairman of the GOLKAR Election Victory Department explained that if GOLKAR wants to go to a campus to win votes, that does not mean GOLKAR must conduct a public campaign or work on campus grounds. The emphasis is on opening a dialogue or discussion by inviting students to the outside.

"It is quite permissible to invite students to discussions off campus. That means inviting students as members of the community," said Prof. Dr. Soedarso, rector of Airlangga University, Surabaya.

What are practical politics? A.W. Utomo, Student Senate chairman at the Sociology and Political Science Faculty of Wijaya Kusuma University, Surabaya, related his experience. "GOLKAR leadership, Surabaya is frequently held on this campus. Subjects discussed are the dual function of ABRI [Indonesian Armed Forces], public security and order, the history of GOLKAR, election rules, and leadership issues," he said. Utomo is a GOLKAR cadre who took the training in 1989.

It is clear that the interaction between OPP's and campuses must be a vehicle of true political education during this New Order era of depoliticized campuses. Naive perceptions about politicizing campuses must be discarded. "Do not let anyone view party membership as taboo," said PPP [Development Unity Party] Chairman Ismail Hasan Metareum.

Kidnapping Report of PDI Chairman's Opponents

91SE0332B Jakarta TEMPO in Indonesian
27 Jul 91 p 25

[Text] After several months of anger with each other, the fighters apparently have begun to draw blood. It happened on Thursday night, two weeks ago [11 July]. Eddy Sukirman, 51, and Agung Iman Sumanto, 40, two members of a group opposing Soerjadi, said they were kidnapped, robbed, and beaten by a gang allegedly directed by PDI [Indonesian Democratic Party] DPP [Central Executive Committee] Chairman Soerjadi and Jakarta PDI DPD [Regional Executive Council] Chairman Alex Asmasubrata.

Eddy said that before being abducted from the Marinda Foundation office on Percetakan Negara Street, Central Jakarta—where Soerjadi's opponents often gather—they were vigorously beaten. "Until my glasses were smashed," said Eddy, who looked healthy when interviewed by TEMPO last week. Using several vehicles, the kidnappers then drove them around the city.

Throughout the trip, Agung was beaten further, cutting his right eye and eyelid and causing them to bleed. On arrival in front of a house in Kebayoran Baru, South Jakarta, which Eddy later identified as Alex Asmasubrata's office, Agung was transferred and put with Eddy.

From there, they were again taken away. The kidnappers then stopped a taxi and ordered the driver to take them to Tanjung Priok. Did they try to identify the kidnappers? "How could we? They stopped in dark places. In fact, I have forgotten which taxi they put us on," Eddy said. They told the taxi driver to rush them to the Central Jakarta Police Precinct Office so they could make a report.

Early the same morning, police arrested Sudarmo Bagong, 30—director of Duren Sawit PDI—at his home in Klender. Agung had mentioned him as a kidnapper. Is it true that Bagong was involved? "A gentleman with a bandaged eye (meaning Agung) insisted to police that he recognized me," said Bagong, whose regular job is driving a Metromini bus. When police brought out Bagong, however, Agung did not know him after all. "The police were very angry," Bagong said as he imitated what the police said. Bagong was then set free.

Although the status of the case is not clear, the incident has inflamed the emotions of a number of Democratic Youth (PD) members in East Java. Eddy, of course, was a PD founder. About 150 PDI supporters went to Jakarta to demand an explanation from the PDI.

On Thursday of last week [18 July], the delegation arrived at the PDI DPP office on Diponegoro Street. They demanded to meet with Soerjadi within 48 hours. If he did not do so, they warned that the PDI should not expect to campaign in East Java.

It turned out that they were not able to meet with Soerjadi. Several of them retaliated by beating Surabaya PDI DPC [Branch Executive Council] Chairman Mentik Budi-wiyono in a corridor of the DPRD [Regional Legislature] building in Surabaya.

When accused of being the mastermind of the kidnapping, Alex Asmasubrata merely laughed. "That's funny. I don't even know Agung. And if he wanted to cause an uproar, why now? When the PDI DPP office was attacked some time ago and Secretariat Chief Hamid Notowidagdo was attacked, did we retaliate?" he asked.

Soerjadi, too, was calm about being accused. The riotous action, he said, was about position, not idealism. Moreover, on 20 July, the PDI DPP received from all DPD's the names of provisional candidates for the DPR [Parliament] and DPRD's. Soerjadi apparently feels these actions are

masterminded by the Group of 17, which for several months has tried continuously to disrupt his leadership.

The leader of the Group of 17, former East Java PDI DPD Chairman Marsoesi considers the abduction of Eddy and Agung to be "like the PKI's [Indonesian Communist Party's] methods." He hopes the government will intervene.

ECONOMIC

Suharto Warns Companies To Transfer Stock

91SE0345A Jakarta MERDEKA in Indonesian
22 Jul 91 pp 1, 8

[Text] Jakarta, 21 Jul (ANTARA)—President Suharto stresses that the government's recommendation that private businessmen transfer some of their stock to cooperatives absolutely cannot be looked on as robbery of personal assets.

At Tapos, Bogor, on Sunday [21 July], the chief of state brought up the matter of transferring some stock of private companies to cooperatives when he received about 80 members and managers of INKOPAR (Headquarters of Employee Cooperatives). INKOPAR General Chairman Agus Sudono led the delegation.

At the same place in 1990, the head of state had a meeting with about 30 leading businessmen. The president asked them to begin transferring some of their stock to cooperatives for the sake of bringing about equitable distribution.

"We do not want to rob. If we wanted to rob, it would be easy. That of course is not desirable. How could we rob to own stock?" said the president, who was accompanied by Minister of Cooperatives Bustanil Arifin and Sri Edi Swasono, general chairman of DEKOPIN (Indonesian Council of Cooperatives).

The president said that although the assets owned by the businessmen are legally their own property, these assets are national in nature.

In explaining the background of his statement, the president said that because government and community funds are still limited, owners of capital have the opportunity to develop various industrial sectors.

Nevertheless, the president asked the community to understand that opportunities the government has given to these owners of capital absolutely should not give the impression that everything they have built is their personal property.

The president said that by accepting the recommendation that rich companies sell some of their stock to cooperatives, businessmen can participate actively in the development program.

Obligated

Earlier, INKOPAR General Chairman Agus Sudono said that since the time the head of state encouraged big

business owners to sell some of their stock to cooperatives, the value of stock transferred in this way has reached only 17 billion rupiah.

Agus Sudono asked the government to issue a regulation requiring all big business owners to sell some of their stock to cooperatives.

In response to the INKOPAR request, the president said that the government could issue a law providing for the transfer of stock but that it must be remembered that the national economy is organized on a family basis.

The head of state said that although the stock transfer program is a long-term one, the government is still giving opportunity to businessmen to take part in the program voluntarily. Do not "stop in the middle of the road" when a problem arises.

"If they feel obliged to do it, let them go ahead. If not, the government will obligate them through law," the president said.

However, the head of state warned employees that they should not establish cooperatives merely to get stock from the companies they work for.

"Don't set up cooperatives just to get stock. With or without stock transfers, cooperatives must continue to be formed," the president said.

Meet Needs

As he emphasized the importance of cooperatives to workers, the head of state noted that although many companies are established not many are able to pay adequate wages to their employees.

"Many companies are still unable to meet all the needs of their employees. Many are not yet able to pay even the KFM (minimum physical requirement) of 2,500 rupiah per day per person. We often feel sad about this," the president said.

To overcome this problem, workers are advised to form cooperatives to improve their own welfare. The government will urge businessmen to support the establishment of cooperatives in their spheres.

The president then explained the background of the construction of the Tapos Animal Husbandry Center, which is named "Tri-S." The objective of the animal husbandry center is to conduct research on development of superior cattle and to study recycling, such as through use of manure for fertilizing fields.

"There are ignorant people, however, who say 'Tri-S' stands for Suharto, Siti Hartinah (Mrs. Tien [Mrs. Suharto]), and Sigit (son of the head of state). The real meaning is 'Sari' [essence], 'Silang' [cross, as in cross-breeding], and 'Start,'" the president said, laughing.

Minister on Interest Rates, Customs Improvements

*91SE0345B Jakarta MERDEKA in Indonesian
24 Jul 91 pp 1, 11*

[Text] Jakarta, 23 Jul (MERDEKA)—Minister of Finance J.B. Sumarlin said the time has come for BUMN [state-owned enterprise] banks and private banks to meet to discuss lowering interest rates, since it is not possible for the government to order bank rate cuts.

"Current bank interest rates need to come down, but the government is not going to give instructions to reduce them," Sumarlin told the press after speaking to the Working Conference of the Directorate General for Customs in Jakarta on Tuesday [23 July].

He continued by explaining that high interest rate conditions have continued so long that there is fear they will threaten the health of both BUMN and private banks, which in turn would hinder economic growth.

"High interest rates also make it difficult for banks to move their funds, resulting in idle money. Although banks can move money by buying SBI's (Bank Indonesia Certificates), banks who do that will incur losses," he said.

"Banks want to reduce interest rates, but they fear that rates lower than those set by other banks will cause customers to flee," he added.

The minister hopes that BUMN banks, as "price leaders" in the banking industry, will set interest rates. "Of course, they must study their respective positions first."

It is quite possible for BUMN banks to play the role of "price leaders," since BUMN bank assets are 56 percent of total bank assets in Indonesia, and they also have more bank offices. Therefore, BUMN banks are asked to expect instructions to reduce interest rates.

Meeting

Replying to press questions after a meeting with BUMN bank leaders at the Department of Finance at noon on Tuesday, Sumarlin stressed that the government continues to leave the matter of interest reduction up to the banks.

All the leaders of government banks were present at the meeting: Bank BNI [Indonesian State Bank], Indonesian People's Bank (BRI), Bank Bumi Daya (BBD), Bank

EXIM [Export-Import], State Trading Bank (BDN), State Savings Bank, and Indonesian Development Bank (BAPINDO).

Sumarlin said the meeting consisted of discussion of BUMN bank problems related to finance and banking policies (PAKFEB 1991 [Packet of February 1991]). It was a meeting between bank directors and shareholders and not between bank directors and the Minister of Finance, who is the monetary authority.

When questioned by reporters, BRI Principal Director Kamardy Arief said that no instructions were given in the meeting to reduce interest rates.

Must Not Fail

Concerning the role of Customs, the minister of finance said the directorate general must not fail in assuming some of the duties of SGS (Societe General de Surveillance) in the inspection of imports, beginning in August.

"Customs must not fail in reassuming these duties, because they have had adequate preparation," the minister of finance said.

Sumarlin, who was accompanied by Director General for Customs Sudjana Surawidjaja, explained that these preparations have included not only the mental and quality aspects of personnel, but also new regulations that will prevent Customs personnel from acts of fraud.

In his written speech, the minister of finance said that although the Directorate General for Customs will have final authority over exports and imports as of 1 August 1991, the preshipment inspection system for both imports and exports will be retained. This system uses a surveyor appointed by the government.

"Besides preventing congestion, the system has demonstrated that it can resolve issues related to practices that hurt the government," he said.

He said practices that hurt the government include "over-invoicing," "underinvoicing," and misclassification of rates. The preshipment inspection system is viewed as affording assurance to both importers and exporters.

He noted that in the performance of its duties in the import sector the Directorate General for Customs will be supported by PT [Limited Company] Surveyor Indonesia, a joint venture company belonging to the Indonesian Government, Sucofindo, and SGS. The company will conduct preshipment inspections of Indonesian imports at the ports where they are loaded.

ECONOMIC

South Korea, Third Largest Investor

91SE0334G Kuala Lumpur BERITA HARIAN
in Malay 13 Jul 91 p 7

[Text] South Korea, the seventh largest investor in Malaysia last year, now ranks third, after Japan and Taiwan. This ranking is based on proposed investments of \$592 million (about 1.598 billion ringgit) during the first five months of 1991, according to Minister of International Trade and Industry Datuk Seri Rafidah Aziz.

She said that based on data issued by the Export-Import Bank of Korea, Malaysia is next after Indonesia from the aspect of South Korean investment in ASEAN [Association of Southeast Asian Nations] and that 96.2 percent of that investment is in the manufacturing sector.

She said that from January through May of this year alone, 27 projects involving South Korean interests have been approved for investment in Malaysia.

"In 1990, South Korea was the seventh largest investor in Malaysia with an approved investment of \$240.9 million (650 million ringgit).

"More companies in South Korea are going to increase their investments in Malaysia," she said at a seminar in Seoul on "Investment Opportunities in Malaysia." The text of her speech was issued in Kuala Lumpur yesterday.

Datuk Seri Rafidah said that the last three years have demonstrated South Korean interest in Malaysia, where South Korea was not known as well as Japan and Taiwan.

"From only four projects per year during the period 1980-1987, projects with South Korean participation rose to 11 percent in 1988 and to 29 percent in 1989. They totaled 25 percent last year," she said.

She said that from 1980 to 1990, 101 projects with South Korean participation were approved, involving proposed investments of \$352.66 million (952 million ringgit).

The participation of small and medium South Korean industries is warmly welcomed, especially in fields in which Malaysia has no technological expertise.

"In the manufacture of components and spare parts, in which Malaysian expertise has been developed, South Korean companies need only to form joint ventures with domestic firms," she said.

Datuk Seri Rafidah said Malaysia has identified several investment-approved industries for equity of 30 percent to a maximum of 60 percent if the purpose of a project is to make sales within Malaysian Free Trade Zones (FTZ) and from licensed factory warehouses.

She said that a maximum of only 30 percent foreign equity is permitted for cardboard manufacturing projects, an industry that has long been developed in Malaysia.

As for investor concern over a shortage of trained technicians and managers in Malaysia, she said this is a result of industrial concentration in certain areas in the central part of Lembah Kelang.

"Plentiful supplies of labor are available in other areas," she said.

South Korea To Invest in Small, Medium Industry

91SE0334B Kuala Lumpur BERITA HARIAN
in Malay 16 Jul 91 p 9

[Text] South Korea has identified 90 small- and medium-industry projects to be developed in Malaysia with a proposed investment of at least 1.24 billion ringgit (\$450 million).

Hwang Tae Chung, vice president of the Korean Association of Manufacturing Industries (KOAMI), said all the projects have been proposed by KOAMI members belonging to an investment and manufacturing cooperation delegation visiting the Philippines, Malaysia, and Indonesia.

"A total of \$1.24 billion ringgit (\$450 million) will be invested in Malaysia if all 90 proposed projects are agreed to by Malaysian businessmen," he told reporters yesterday in Kuala Lumpur after a briefing on joint investment opportunities and South Korean foreign investment policies.

The KOAMI delegation, made up of 13 representatives of leading South Korean corporations, began an 11-day visit to the Philippines, Malaysia, and Indonesia on 10 July.

Hwang said Malaysia is the investment target of these projects because South Korean investors are aware of the opportunities for joint ventures with Malaysian businessmen.

"Malaysian economic growth, foreign investment policies, and the goal of becoming an industrial nation by the year 2020 are the reasons why South Korean investors are interested in coming to Malaysia," he said.

Hwang said that of the projects identified as feasible, the two most attractive to investors are the manufacture of lamp posts and concrete columns.

"The large allocation provided by the Malaysian Government for infrastructure development under the Sixth Malaysia Plan is a strong basis for Korea's future contribution in that sector," he said.

Among the factories included in the 90 proposed projects are plants for producing PVC [polyvinyl chloride] compounds, petroleum solvents, polyvinyl chloride, "mini-hydro" electricity generators, oil filtering equipment, condoms, PVC pipe, ethanol, PVC floor covering, cable and wire, and electrical switchboard assemblies.

He said South Korean investors are willing to sell industrial equipment to Malaysia businessmen while at the same time conducting joint ventures for making the equipment in this country.

"By joint ventures, Malaysian and South Korean investors will be able to cooperate in obtaining modern technology through the manufacturing they will initiate, because South Korea's capability in technology for small and medium industry has been demonstrated," he said.

Hwang said ownership of majority equity in the joint ventures is not a determining factor in the investments.

"All the projects have been identified as feasible for implementation in Malaysia, because operations will involve use of technology and will not be labor intensive," he said.

He said the relocation of Korean manufacturing operations to Malaysia needs to be approached carefully because Malaysia is no longer the best investment site for labor-intensive activities.

He also said that the Korean Government, through the Export-Import Bank of Korea (EXIMBK), is providing medium- and long-term loan facilities for periods of one to 10 years.

"Last year, the EXIMBK financed 11 projects through loans totaling 41.25 million ringgit (\$15 million) at an interest rate of 9 percent per annum," he said.

Fiji Targeted as Marketing Center

91SE0334E Kuala Lumpur BERITA HARIAN
in Malay 7 Jul 91 p 1

[Text] Subang—Malaysia will make Fiji the port from which to sell this country's products to the islands of the South Pacific, which have a market worth about 2.7 billion ringgit, according to Prime Minister Datuk Seri Dr. Mahathir Mohamad.

In this connection, he said, the Malaysian International Shipping Corporation (MISC) will help Fiji shipping interests conduct studies on providing ships for carrying Malaysian goods from Fiji to Tonga, Samoa, Vanuatu, and several other Pacific nations.

"The South Pacific market is not a small one but is valued at 2.7 billion ringgit (\$1 billion). Unfortunately, Malaysian industrialists and traders consider Fiji to be a small market and thus do not concentrate on it," he told reporters at the International Airport here yesterday morning.

The prime minister and his wife, plus a delegation of ministers and Malaysian business representatives, returned home after a three-week visit to Latin American countries that began on 17 June.

"We were very sorry that in the recent 'Malaysia Week' in Fiji, our products in the exhibition were not quality ones but consisted only of 'muruku' and sauces, whereas we have pictured Malaysia as an industrial country," he said.

Datuk Sri Dr. Mahathir advised industrialists and businessmen not to disregard that market, because the region has potential for development.

"South Pacific nations are now getting many goods from other countries because we do not want to focus on Fiji," he said.

The prime minister said that, as the delegation's final visit, they stopped in Fiji to hold talks with that country's cabinet on several issues of mutual interest.

He said Fiji has agreed to give Malaysian Airlines (MAS) fifth flight exemption rights, meaning that MAS may carry passengers from Fiji to Malaysia or from Fiji to Latin America when flights are begun.

Datuk Sri Dr. Mahathir said the success of efforts to expand Malaysian opportunities to find overseas markets depends on promotion.

"At first, there will not be many who want to use our goods, but if we persevere and begin promotion efforts, I am confident that the number will grow. I am also sure that we will lose money at first and will make money only later on," he said.

Explaining the Malaysian air agreement with Fiji and Latin American countries, Minister of Transportation Datuk Seri Dr. Ling Liong Sik said proposed MAS flights from Fiji to Latin America will land at the International Airport in Santiago, Chile.

"We are having discussions with Chilean and Argentine airlines to produce an air agreement," he said.

Trade, Cooperation Agreements With Argentina

91SE0334F Kuala Lumpur BERITA HARIAN
in Malay 2 Jul 91 p 2

[Text] Buenos Aires, 1 Jul—Malaysia has signed with Argentina a trade agreement and an economic, trade, scientific, and technical cooperation agreement as a step toward increasing trade and bilateral relations between the two Southern Hemisphere countries.

Prime Minister Datuk Seri Dr. Mahathir Mohamad and his counterpart, President Carlos Saul Menem, signed both agreements today at the San Martin Palace.

Foreign Minister Datuk Abdullah Ahmad Badawi signed the economic, trade, scientific, and technical cooperation agreement, and Minister of International Trade and Industry Datuk Seri Rafidah Aziz signed the trade agreement.

Datuk Sri Dr. Mahathir and his party arrived here yesterday for a four-day official visit.

On his arrival at the Aeroparque Airport, he was greeted by Mr. Domingo Cavallo, who is both economic and foreign minister, and Mrs. Cavallo.

The Malaysian ambassador to Argentina, Datuk Khor Eng Hee, his wife, and embassy officials also awaited the arrival of the prime minister.

The prime minister had a private meeting with President Menem at the Pink House, the president's office that used

to be the palace of Isabel Peron, the widow of General Juan Peron, who after the death of her husband governed Argentina from 1973-1976.

This afternoon, the prime minister will visit Senate President Dr. Eduardo Alberto Duhalde and House of Representatives President Alberto Reinaldo Pierri.

He will also speak to members of the Argentine business and industrial community.

Datuk Sri Dr. Mahathir is making his first visit to Argentina at the invitation of President Menem, who visited Malaysia during the first G-15 meeting in Kuala Lumpur last year.

His visit is expected to open new opportunities for economic and trade cooperation between the two countries.

Malaysia-Argentina trade has been in Argentina's favor for several years.

In 1989, Malaysia imported Argentine goods worth about 97 million ringgit, while its exports were valued at 13.75 million ringgit.

Malaysian imports from Argentina include foodstuffs, fats, cooking oil, and manufactured goods. Most of Malaysia's exports consist of rubber articles such as tubes, valves, and medical equipment.

On the third day of his visit, the prime minister will visit the Siderca industrial plant, the largest factory in Argentina, located at Campana about one hour from here.

Mahathir: Foreign Investment in High Technology

91SE0334A Kuala Lumpur BERITA HARIAN in Malay 17 Jul 91 p 17

[Text] Shah Alam, 16 Jul—The role of foreign investment remains important because Malaysia needs technology transfer in the process of becoming a developed country by the year 2020, according to Prime Minister Datuk Seri Dr. Mahathir Mohamad.

The prime minister said that Malaysia must be very competitive in manufacturing, not only to meet domestic needs, but to achieve a high level of competitiveness on foreign markets.

He said technology transfer from developed countries will enable Malaysia to be more prepared to enter international markets and better able to compete with famous companies.

"In the initial phase of development, the country needs to obtain foreign technology besides conducting training projects and establishing technical agreements.

"Such investments will enable us to raise our productivity to higher levels through manufacturing techniques that ultimately will bring the country to achievement of our goal of becoming an industrial nation," he said as he launched Proton Saga car number 300,000 and inaugurated a Proton engine and transmission plant here.

To achieve our goal, the prime minister said, domestic companies and foreign investors must seek the success of the economy; and technology transfer will not occur without dedicated engineers, workers, and managers.

Datuk Seri Dr. Mahathir also said that a small domestic market and a low per capita income will not suffice as a mechanism of growth if Malaysia wants to become a developed country.

"Therefore, domestic companies that want to improve their competitiveness should be pioneers in technology and promote the manufacture of value-added products.

"This can be done if companies emphasize research and development and are eager to produce high-quality goods," he said.

Calling Proton's big contribution to the growth of the automotive and support industries in this country something to be very proud of, he said the national industrialization process cannot expand quickly without support industries.

The prime minister said the country chose the auto industry first, and its support industries followed.

"Despite earlier criticism, the Malaysian national auto industry has achieved gratifying success as a result of appropriate government policies. This includes the success of other heavy industries generated by the auto industry.

"While it is true that all heavy industry projects failed and incurred losses at first, we achieved success, thanks to our ability to overcome weaknesses. It should be remembered, however, that Proton built its first car when the national economy was in recession," he said.

He said the Proton engine and transmission project is a step toward producing important auto components that demand skill, high technology, and much capital.

Proton's growth and development should be an encouragement to businessmen to seize every opportunity.

The prime minister asked the private sector to continue playing an important role in making the automotive industry the sector that most supports the national economy.

Analysis, Projection of Economy Through 2000

91SE0338A Selangor SIN CHEW JIT POH in Chinese 23-24, 29 Jun; 1 Jul 91

[23 Jun 91 p 12]

[Text] Malaysian economic growth and structural change in 2000 depends on international economic performance as well as the advantageous position the favorable position that Malaysia itself occupies in steadily expanding world trade.

While the international economic environment may or may not lead to attainment of Malaysia's goal of economic growth, realistic and flexible policies will maintain economic stability and sustained growth. Thus, policies in

controversial fields must be revised in order to facilitate a rise in production efficiency and diversified production that consolidates the nation's industrial foundation. Domestic industries must increase the use of primary products to capture more foreign markets. Economic goals cannot be attained through sole reliance on domestic market demand. The main emphasis should be on adding value and doing all possible to use and process primary products to enhance competitiveness.

Economic Growth and Structural Change

Given the current trend of world economic growth, the country's abundant resources, and increased domestic savings, as well as technological transformation and an increase in the training of manpower, goals for the implementation period of the Second Outline Perspective Plan call for a 7 percent increase in Malaysia's gross domestic product [GDP]. If industrial growth goals cannot be reached, the national economic growth rate will be lower than 7 percent, and that will have a negative effect on employment goals.

The fastest economic growth is in manufacturing industries (a 10.5 percent annual growth). The next fastest is in service-related activities such as electric power supply, water supply and petroleum supply (10 percent), transportation, storage and communications (8.5 percent), and finance and banking, and industrial and commercial services (8 percent).

Although the production of primary product industries such as agriculture and mining as a percentage of gross domestic product declined to 28.1 percent in 1990, and will continue to decline to 18.3 percent in 2000, these industries continue to play an important role in economic growth. However, manufacturing industries and the construction industry will continue to increase from 30.2 percent in 1990 to 38.7 percent in 2000. Other service industries, notably tourism-related services, finance and banking, insurance, business, technology and consulting services will continue as new sources of economic growth.

Continued Growth of Palm Oil Output; Possible Curtailment of Cacao Growing

In the primary industry area, agriculture will grow by a modest 3.5 percent. Despite a decline in land suitable for the growing of oil palms, palm oil output will continue to increase. Unless market prospects improve, the growing of cacao will decrease.

Despite a decrease in the rubber plantation area, thanks to an increase in productivity current output can be maintained. Serious attention is being given to research and development plans to improve natural rubber's competitiveness in world markets. At the same time, an increased demand for rubber wood for the manufacture of furniture has had a stimulative effect. Nevertheless, the rise in the value of latex will decline from the 13.5 percent of 1990 to 12 percent in 2000.

Emphasis in forestry policy is on downstream industrial production, particularly furniture manufacture. The world

furniture market is huge. Returns from traditional agricultural activities including the growing of paddy, the fishing industry, and the poultry industry are not high. The future outlook in agriculture is for reliance on the importation of labor saving technology, particularly in the latex and oil palm areas. More must be done to increase commercialization to encourage the participation of the private sector. Because of the decrease in land suitable for farming (except in Sabah and Sarawak), productivity must be improved. Actually, if productivity is not increased, in view of the shortage of labor and land, the goal of a 3.5 percent growth in agriculture will be difficult to realize.

In the development of the agricultural sector, emphasis should also go to supplying food and raw materials to meet domestic and foreign needs. This is for the purpose of maintaining price stability so as to assure that agriculture-based industries have a sufficient supply of raw materials, and in order to reduce dependence on imported raw materials.

A tremendous undeveloped potential still exists in the fishing industry, which is a sector of agriculture. Since fishermen lack deep sea fishing training and experience, joint operations involving local and foreign fishermen must be encouraged. In addition, fishermen should be encouraged to go into other agricultural activities to increase their earnings.

The poultry raising industry can be developed further to meet the needs of the domestic market for the attainment of self-sufficiency. At the present time, some poultry has to be imported.

The mining industry will show a low 1.5 percent rate of increase. By comparison with the 5.2 percent growth rate of the Fifth Malaysia Plan, this is a surprisingly low figure. It is based on a daily petroleum output of only 630,000 barrels in 1996. Mining industry output as a percentage of gross domestic output will decline from the 9.7 percent of 1990 to 5.7 percent in 1990. An optimistic estimate calls for the discovery of new mineral resources enabling an advance. The federal government and provincial governments are studying new mineral development policies whereby investors would be given rewards for their development of new mineral deposits.

Manufacturing Industries To Play Leading Role With Annual 10.5 Percent Growth Rate

Manufacturing industries will continue to play a leading role in helping the national economy attain a 7 percent growth rate. The approximately 10.5 percent annual growth rate in this sector far surpasses performance in other sectors. Its outstanding performance will mean that manufacturing as a percentage of gross domestic product will increase from the 27 percent of 1990 to 37.2 percent in 2000.

Although the electrical machinery and electronic industries will continue to be the industries making the greatest contribution to industrial growth and exports, several problems requiring solution exist. These industries depend too much on imported industrial technology, and they lack

research and development plans to enable them to get out of their production and product design difficulties. In addition, they are not sufficiently competitive in international markets. They rely too much on the various trade preferences that Malaysia enjoys.

Future reform of manufacturing industry policies should focus on the elimination of constraints and rigidities being faced to achieve greater growth. Policy reforms can consolidate the industrial foundation as well as improve the value of activities to improve value. They must reduce dependence on imported raw materials and parts. Greater diversification of the manufacturing sector is needed. This must be done in conjunction with export industries and industries oriented toward the domestic market, as well as through the expansion of agriculture-based industries, particularly the opening of foreign markets.

By comparison with other developing countries, Malaysia's service industries are not very large. Even though export-oriented industries have existed for a long time, they remain very backward. The percentage of gross domestic product for which service industries account will increase from 41.7 percent in 1990 to 43 percent in 2000. Government will reform policies and encourage investment in order to break free from backwardness.

The focus of policies concerned will be on the assimilation of new technologies in the communications and data processing fields. In addition, government has identified growth potential in the tourism industry and shipping. Government will offer incentives to encourage private investment. Privatization plans will provide new investment opportunities to the private sector.

Private Sector Expenses

Private sector expenses, including investment and spending will power the Second Outline Perspective Plan implementation period. Government policies will encourage the private sector to play a leading role in economic growth, while there will be less public sector participation. Public sector assistance to private sector entrepreneurs from the sidelines will increase economic vigor and promote development of the free market system, as well as reduce the public sector's financial burden. Investment in basic facilities by industry and society will accelerate and sustain economic growth.

Private sector investment during the next 10 years will be at an annual 8 percent growth rate. The growth rate during the First National Outline Perspective Plan implementation period was 9.4 percent. Private sector investment will increase from 26 billion ringgits in 1990 to 104 billion ringgits in 2000.

Investment in agriculture and mining will be less than in the past. Among the manufacturing industry, the construction industry, and the transportation industry, it will be the manufacturing industry that attracts the most capital, particularly foreign capital.

Private sector spending will also be very strong, the growth rate increasing annually from the former 6.3 percent per year to 7.2 percent. As a result of a rise in the standard of living, spending by low and medium income families will increase.

Forecasts call for a very great change in the country's export structure during the next 100 years. Exports of minerals and agricultural products will continue to increase, but exports of finished manufactures will see faster growth. Consequently, minerals and agricultural products will make an ever smaller contribution to the country's total exports.

Nevertheless, the development of domestic agricultural product processing industries will result in an increase in agricultural product-based exports. The farm crops whose export can be most increased are palm oil, petroleum, and natural gas. [sic]

Exports of manufactures will become increasingly important, rising from 60.4 percent of total exports in 1990 to 81.8 percent in 2000.

In the manufacturing industry sector, greatest growth is forecast for the food processing industry, petrochemical products, clothing and textiles, rubber products, and not metallic products.

At the same time, development of the electrical appliance and electronics industry during the Second Outline Perspective Plan will be relatively slow. Nevertheless, these industries will still make a very great contribution in increasing the export value of manufactures. The adoption of new technologies and production procedures will change the structure of the manufacturing industry and increase product value.

It will expand and deepen the industrial base and the demand for skilled technicians.

The Import Sector

In another area, because of an investment rate of increase that increases market prices 13 percent, and an increase in manufacturing activities during the Second Outline Perspective Plan, an increase in imports of capital and semi-manufactured goods is predicted. A corresponding increase in domestic consumer goods will lower the importation of consumer goods. This trend, which was already very noticeable during the 1980's, is predicted to continue during the 1990's.

Forecasts call for continued increase in public sector investment; however, since imports in that sector are usually very great, forecasts call for continued increased pressure on major goods imports.

Since the importation of semi-manufactured goods has increased from the 35.3 percent of 1970 to 41.5 percent in 1990, future policies will encourage domestic production of more semi-manufactured goods.

[24 Jun 19 p 10]

[Text] Inflation

The slight rise in the inflation rate during the past three years has resulted from a rise in import costs, salary increases, and a rise in domestic demand accompanying economic revival.

Forecasts for the period of implementation of the Second Outline Perspective Plan call for an annual 5.2 percent rise in import price indices. This will result in domestic price levels becoming dependent on monetary and fiscal policies, and on salary levels and import demand. Continued ability to control the fiscal deficit and balance monetary policies in order to increase international competitiveness will require not only efforts to eradicate a rise in inflation and insure that rises in salaries are reflected in increased productivity, but domestic price forecasts must not exceed past levels as well.

Employment

During the period of implementation of the Second Outline Perspective Plan, forecasts call for a 2.9 percent annual increase in the manpower supply. However, at an annual 7 percent growth rate for GNP [Gross National Product], forecasts call for a 3.1 percent annual increase in manpower demand. Forecasts call for a fall in the unemployment rate to 4 percent by 2000.

Private manufacturing industries and service industries are expected to be the sectors providing most employment opportunities, i.e., between 4.8 and 5.4 percent. At the same time, the industrial development of rural areas will be able to soak up more manpower coming from the countryside.

In the future, most people will face unemployment for only short periods of time, and many will seek higher paying jobs. Thus, planning of a better manpower market information system is necessary to improve the manpower flow.

In the supply of manpower, future emphasis will be on the development of manpower resources, market demand being the basis for working up education courses and providing more training. These measures are necessary to reduce structural unemployment and to encourage the movement of manpower. To enable sectors concerned to obtain sufficient manpower.

Development of Finance and Banking

Public Finance and Banking

During the Second Outline Perspective Plan, the measures that were initiated in 1983 will continue to be used to consolidate public finance and banking. This is consistent with government efforts to reduce the role that the public sector plays in the economy. Forecasts call for public sector fiscal losses to decline to 3.6 percent. During the Fifth Malaysia Plan and during the First Outline Perspective Plan, the record shows 4.2 and 8.7 percent respectively.

During the Second Outline Perspective Plan, public sector development will cost 22.4 billion ringgits. During the First Outline Perspective Plan, the cost was 17.4 billion ringgits. Of the 22.4 billion ringgits, 12.6 billion ringgits, or 56 percent, is federal government development expenses.

At all events, although the foregoing development funds are a tremendous sum in market value terms, if the inflation factor is figured in, the actual amount is fairly small. It amounts to only 9.8 percent of GNP, while it amounted to 16.8 percent during the First Outline Perspective Plan. This is consistent with government efforts to reduce public sector participation in the economy.

Government adoption of a fairly flexible fiscal budget policy at this time is for the purpose of solving the shortage of basic facilities by stimulating the private sector to continue investment.

Those public sector investment activities that compete directly with the private sector will be reduced. In some specific areas, financial help that cannot stimulate productivity will be gradually curtailed.

The total amount of development payments must be further increased so that the public sector will be able to advance economic growth and so that the distribution goals of new development policies will be effectively implemented. In relatively backward states, disbursements must be increased in order to meet payments for basic facilities and social services. This is the only way to emphasize the development of manpower and to narrow the development gap between one state and another. Next, in order to assist private sector development, government will increase payments for transportation, communications, and other facilities in order to increase or improve existing facilities.

Forecasts call for the use of profits made in the public sector to offset the public sector's 63 percent development expenses. This will be better than the 48 percent achieved during the First Outline Perspective Plan.

Government formulation of future policies will be concentrated on sectors and public welfare areas such as health, education, national defense, and public order that the private sector cannot carry forward effectively, or to provide market operating strength.

Policies will focus on maintaining proper balance between treasury and monetary policies and trade policies. At the same time, it will help the development of important sectors through the expansion and improvement of the material and social infrastructure, eradicating obstacles and bottlenecks to production in order to improve the investment atmosphere, particularly for medium and small industries.

The Second Outline Perspective Plan aims to achieve a 7 percent annual growth in gross domestic product [GDP]. It is anticipated that this can be realized through government efforts to enhance economic effectiveness, to encourage private investment, to accelerate privatization plans, and to improve manpower training. However, some risks that will appear in achieving such a growth also need to be watched.

Risks faced at the present time stem from the macroeconomic effect of instability elsewhere, which makes forecasting of major changes in foreign monetary policies difficult and may affect both currency exchange and interest rates. Consideration must be given to trade protection policies in the interest of individual countries that may lead to a world economic slump, as well as adversely affect domestic investment and consumption.

Advanced countries may face a shrinking of exports, prices of primary products, and the ratio between

import and export prices, as well as a high debt burden. Although the national economy is currently strong and broadly based, such a world economic development would surely hurt Malaysia's economic growth.

In order to reach the goals set in the Second Outline Perspective Plan (as shown in Table 3-10), the structure of some future policy formulation must be consistent with the provisions of the sections that follow.

Planned Goals of Second Outline Perspective Plan

	First Outline Perspective Plan (Goals)	First Economic Perspective Plan (Fulfilled)	Second Outline Perspective Plan (Goals)
(1) Macroeconomic Objectives	Annual %	Annual %	Annual %
GDP (Actual Figures)	8.0	6.7	7.0
Exports (Actual Figures)	7.1	9.2	6.3
Imports (Actual Figures)	5.2	10.0	5.7
Hirings	3.3	3.4	3.1
Work Force	3.1	3.3	2.9
Unemployment Rate	3.6	6.0	4.0
	1990 (Goal)	1990(Goal)	Second Outline Perspective Plan (Goal)
GNP Comparative Figures (%)			
Savings	16.5	30.5	35.2
Investment	22.3	35.1	34.6
	1990 (Goal)	1990 (Fulfilled)	Second Outline Perspective Plan (Goal)
(2) Sector Goal			
GDP Comparative Figures (%)			
Agriculture and Forestry	19.7	18.7	13.4
Mining 2	2.6	9.7	5.7
Manufacturing Industries	26.2	27.0	37.2
Construction Industry	4.7	3.5	3.5
Service Trades	48.3	42.3	45.4
Bank Service Fees and Import Duty Readjustments	-1.5	-1.2	-5.2
Total Distribution to Hired Labor (%)			
Agriculture and Forestry	35.1	27.8	20.0
Mining 2	1.5	0.6	0.5
Manufacturing Industries	16.8	19.5	23.9
Construction Industry	3.6	6.4	7.4
Service Trades	43.0	45.7	48.2

Note: 1. Conclusion deadline

Note: 2. Including petroleum and gas

Improvement of Economic Efficiency

Policies to improve efficiency will aim at improvement of competitiveness in the industrial sector, while also encouraging balanced use of labor and capital in the production process. Efforts to accelerate privatization plans will effect greater stability in public expenses as well as reduce the treasury deficit and provide a greater return to the public sector.

Closer cooperation between the public and private sectors in reorganizing the industrial structure can reduce obstacles in the labor and capital markets, and inject more capital for investment into production, as well as accelerate the industrialization process. Reduction or elimination of excessive customs duty protection can result in better distribution of economic sources as well as enhance industrial competitiveness. Systems for modifying taxes and providing encouragement can also stimulate further investment, increase government annual income and attain the goal of more effective distribution.

One important element for improving industrial competitiveness is the widespread use of technology; thus, development of a strong domestic technology is extremely important. Suitable reform of the system and policies can improve the science and technology foundation, intensify industry's cooperation with colleges and research institutes, improve research and development, and improve administration. This will improve the technological capabilities of the public and the private sector.

Policies To Sustain Private Investment

Policies to encourage private investment will aim at increasing the distribution of national income benefits as well as permitting wage increases consistent with increase in the productivity rate in order to improve international competitiveness.

These policies are enhanced by assuring that public payments are concentrated in society and on the development of the material foundation. In addition, reduction of control over industrial primary product prices should be maintained in order to lower production expenses.

In another realm, administrative procedures will be improved to help bolster investor confidence, thereby enabling Malaysia to become a regional center that attracts capital. Other steps to strengthen financial and capital markets will help capital flow in the accumulation fund bureau and insurance companies to provide finance capital for the growth of private investment.

Development of Human Resources

With economic growth and industrial development founded on high technology, Malaysia will require more specialized manpower to fill the needs of industry. During the next 10 years, priority attention should be given to policies for the development of manpower so that manpower will be sufficient for constantly developing manufacturing industry sector and the service trade sector.

Private companies will be encouraged to provide on-the-job training so that there will be no loss of manpower from changes in the production structure, and in order to retrain personnel to take over. In addition, both the public and private sectors will be encouraged to cooperate closely in setting up training courses. Parties concerned should particularly ensure that education policies fit labor market needs, as well as exercise complete control over the education and training system. They should further improve courses in being to assure that the specialists being trained meet the needs of industry.

In a labor-intensive market, well-trained, highly adaptable, devoted, and lively workers must be emphasized in order to satisfy market demand as well as to avoid a situation of low productivity and hiring of workers who do not remain on the job.

Policies To Stabilize Costs, Public Debt, and Deficits

Although economic policy can achieve suitable growth, a sustained and balanced growth objective is better than the huge public expenditures and increased national burden that rapid development requires.

Looked at in terms of macroeconomic prospects, government policies will continue to shape an economy centering around the private sector and in which exports are paramount. In order to increase investor confidence, government policies must be in keeping with overall policy goals. Public sector-financed development policies, particularly in trying to achieve high growth commercial activity, require prudent handling of finances to improve the public financial situation and to reduce the debt burden.

Policies to improve the public sector financial situation as well as to maintain international market creditors' confidence should continue to concentrate on reducing subsidies. Government should also encourage promotion of self-sufficiency plans to increase the tax base and improve the effectiveness of tax administration.

Beyond this, efforts to reduce dependence on foreign debt is extraordinarily important so that the country will not suffer losses in international finance markets resulting from changes in interest rates.

Summary

The 7 percent economic growth goal to be attained during the next 10 years will require not only reliance on advances in the global economy, but most important is for the country to be able to change its production structure as changes in world demand and developing opportunities permit.

In addition, with support from public sector policies, growth policies during the next 10 years will more rely on the private sector playing an important role. At the same time, the socio-economic advances and the social and political stability attained during the past 20 years must be further strengthened in order to sustain economic growth.

[29 Jun 91 p 6]

[Excerpts] *Attainment of the Second Outline Perspective Plan development goals to make Malaysia an advanced nation by*

2000 will depend on more effective plans and programs. Most important is the creation of a strong foundation to promote balanced growth. In order to attain this objective, government has already drawn up new development policies oriented toward the development of a balanced, broadly based, and internationally competitive economic structure that will increase Malaysians' earnings opportunities, improve their standard of living, and reduce economic imbalances.

Government will continue to maintain a flexible attitude in administering the economy to provide a better climate for increasing investment and exports. As a result of government's policy of opening to the outside world, the private sector will be able to continue to make positive contributions to economic growth. Meanwhile, through investment in public facilities and human resources, the public sector will be able to increase the degree of economic growth.

Special plans to promote industry, agriculture, and the service industry will receive attention. Since industry powers continued economic growth, future policies will consolidate the foundation for manufacturing industries to diversify export manufactures. Although the contribution of agriculture and other sectors will decline relatively, thanks to increases in productivity in conjunction with smallholders and their building of links with industry, the role that agriculture plays will still be important. The service industry will be given priority development so that it will hold a marked position in economic growth.

Development plans in all sectors will increase production and technological development to ensure stable economic growth. At the same time, they will advance diversified production and activities that increase value. In order to reach this goal, government will continue to improve existing measures.

Manufacturing Industries

The goal of manufacturing industries during the Second Outline Perspective Plan is an annual 10.5 percent growth rate. The key point in development of this sector is to broaden and consolidate its foundation by reducing dependence on traditional sectors, electronics, and electrical machines. Thus, government will be at pains to explore new sources of growth in order to further accelerate and expand manufacturing industries. At the same time, it will allocate resources to rapid growth sectors for faster diversification of products and markets.

Consolidation of the industrial foundation will produce higher added value as well as build metal industry, metal processing industry, petroleum industry, transportation spare parts industry and non metal industry, rubber and muji [2606 1015] industry links. These industries, particularly those having to do with engineering and metal processing, are better able to foster links among various industries. Continued expansion of manufacturing industries will provide opportunities for development of spare parts industries. In addition, industries that serve primarily the domestic market, such as automobile spare parts and fittings industries will further expand as domestic and

foreign demand increases. An increase in this demand will also lead to an increase in demand for associated products.

By bolstering downstream industries, particularly agriculture-based industries such as wood and rubber products, and petrochemical products [sic], added value products can be developed. The building of more furniture factories, and activities to increase the value of wood products have expanded. The manufacture of wood products has also been successful in opening new markets and the introduction of new products.

Medium and small industry performance will improve further, these industries thereby become important and effective driving forces for industrial expansion. It is expected that during the next 10 years medium and small industries will markedly rise in value as well as take in large amounts of workers, accounting for between 40 and 50 percent. Currently they take in 20 to 30 percent of the work force.

By providing support services such as training, consulting, and research and development plans as well as market assistance, several public organization can give impetus to medium and small industries. In addition, bank provided special loans, government promoted Tunghe [2639 0678] and Japanese development funds, as well as technical assistance funds can all help medium and small industries financially.

Medium and small industries must do more in the way of modernization planning, management methods, and technical development planning. It is anticipated that the private sector will play an active role in the medium and small industry development process and that the public sector will provide only the assistance that the private sector is unable to provide, particularly with research and development plans and technical and financial assistance.

Dispersal of regional industries will accelerate, not only to achieve more equitable investment but also to find industrial sites that are close to labor resources and raw materials that provide better geographical locations for development. The federation government, state governments, and planning agencies already provide ample basic facilities in industrial areas.

Agriculture

The growth rate for agriculture during the Second Outline Perspective Plan is 3.5 percent per year. This growth rate is somewhat low in comparison with other sectors, but it is very important for the country's development nevertheless. The present is a crucial time for agricultural growth, because agriculture still holds a controlling position in the economy, particularly in rural areas. It also provides resources that help the development of other sectors.

Government will reduce the outflow of agricultural resources, while at the same time government will also find to solve the decline in land value, the labor shortage, and a decline in earnings that estates and traditional smallholders face.

The new land usability issue has resulted in no large scale development of agriculture. Therefore, the development of agriculture will depend on changed production methods, such as the use of forestry and fishing resources to revive

vitality. Production can be increased through research and farm management as well as by decreasing costs and decreasing losses. The country's agricultural policy will be examined to satisfy the needs of agricultural sector development.

Greater commercialization is needed for the growth and survival of agriculture. Inefficient small holder operating methods will have to be abandoned and estate management better organized. All these matters have a bearing on the revival of agriculture, sowing, irrigation, and even the adoption of new scientific and technical operation. Malaysia has to improve agriculture by adding value to agricultural products. Government will examine its policy of encouraging the peasants to grow paddy, and encourage the peasants to grow crops from which returns are greater such as oil palm, rubber, cacao, vegetables, fruits, fresh flowers and aquaculture. Consequently, some paddy fields may be planted to other crops, or be put to use for non-agricultural purposes.

Manpower from the agricultural sector has already been attracted away by high pay in other sectors; thus, for the near-term foreign labor will have to be hired.

In the fishing industry, since coastal areas are already overfished, government will have to increase control, and deep sea fishing will have to be developed through training, providing investment rewards and assistance in the form of basic facilities including seaports and market facilities.

Science and Technology

Maintenance of industrial and industrial development requires that we assimilate and use new technology, as well as improve the local technological level and international competitiveness. Thus, government policy is to encourage the private sector to carry out research and development plans.

In order to develop technical skills further, government will increase payments for education in science and technology, and will develop more technical and research manpower resources. [passage omitted]

Service Trades

The service industry will be developed into an important sector that will spur economic growth and increase employment opportunities. It will also reduce the deficit for services in the country's balance of international payments. Various domestic and foreign development will create more economic opportunities; thus, a bright future for the service industry is predicted. Furthermore, Malaysia is becoming industrialized. The country's service trades will become stronger and more modern to assist the base of industrial development.

With advances in international communications and basic facilities, service industries business opportunities will increase; thus it is expected that the service industry will develop from a domestic to an export orientation. In addition to the development of finance, banking, insurance, aviation, navigation, and general transportation services which are already provided on an appreciable scale, the local authorities will also give particular attention to information technology, computer services, securities brokerage,

and tourism, as well as business, professional, and consulting services.

Priority will be given to the development of financial services, because modern and competitive finance is very important for economic development and growth. Government will adopt a double-barreled policy to achieve this goal, namely reform of existing controls and reduction of controls. The goal of the former is to increase the functions of banks and financial institutions. For the second, it is to get banks and financial institutions to provide new financial services as well as to disperse investment into other new sectors.

It is expected that these developments will improve efficiency while raising the level of the financial system. Therefore, the financial world must improve its professional standards and carry out financial reform wisely in order to build confidence in the financial system.

Government will provide needed support in this regard, and financial institutions themselves must also be more creative in providing services to meet the ever more complex needs of consumers and the business world. Thus, in traditional banking services, financial institutions must improve service quality and improve cost benefits. In addition, some financial institutions must concentrate on special functions such as financial management as well as providing special financial services. Global and international banks will also see development, particularly in the management of complex financial services such as corporation consulting, investment management, trusts, franchises, and international financial control.

In addition, activities such as investment of capital or investment in high risk securities will expand (including financing the expansion of existing corporations as well as mergers and purchases). With these goals in mind, the authorities will take various actions to provide financial resources and investment capital, these funds both helping local enterprises and supporting technological reform. Actions by Bank Islam Malaysia (the provision of investment capital and equity financing) is expected to be used increasingly by businesses.

Control Functions of Kuala Lumpur Stock Exchange To Be Enhanced

The Kuala Lumpur Stock Exchange, the main Malaysian securities market institution, will see its position raised. Its control functions will be enhanced and new reforms will be introduced in order to put it on a par with others to maintain the attractiveness of the Malaysian securities market.

With the Malaysian economy poised for more widespread investment activity as well as the diversification of manufacturing industries, development of the insurance industry will accelerate so as to have greater risk taking capacity. Relevant policies include improvement of special risk management capabilities. Insurance activity will also move in the direction of effective control of funds to ensure that shareholders receive a fair return. In order to attain these objectives, government will adopt a number of measures including strengthening of insurance rules and regulations, improving the insurance industry's competitiveness, improving its ability to honor commitments, and revising its repayment capability ratio.

The most important item in the service industry deficit is payments abroad for transportation. In order to improve this situation, government will improve Malaysia's air and sea shipping services. Currently only 5 percent of the country's trade is carried by local companies. The government's goal is to have primary products and manufactures use Malaysian ports and Malaysian ships for shipments. Therefore, the country's port services and the activities of other related sectors must be more efficient in order for operators of the domestic shipping industry to be able to compete with foreign countries.

Inasmuch as the shipping industry has further development potential, government will take action to improve the country's shipping capabilities. Malaysia's shipments via domestic and foreign shipping companies in partnership as well as on leased bottoms will be further expanded. Local shipping company charges will be adjusted to make them competitive with those of foreign companies. In addition, control over containerized cargo services will be broadened for a lowering of users' costs and to improve efficiency.

In order to reduce the outflow of domestic capital, marine and commodity insurance will be developed, thereby cutting down on the need to repurchase insurance abroad. At the same time, incentives currently provided the shipping industry will be examined with a view to further development of this sector. Various peripheral equipment and services, such as shipbuilding and ship repair are to be broadened; furthermore, government will also increase the training of Malaysians to play a grater role in the shipping industry.

In the field of tourism, the main gambit will be to shape an image of Malaysia's unique natural and cultural resources. The main emphasis in the development of tourism will be to create a distinctive Malaysia and maintenance of natural resources and cultural artifacts, as well as more solid construction. New tourism articles will emphasize indigenous flavor rather than be artificial.

Development of tourism will increase choices and concentrate on fullest use of resources. Tourism products and facilities will be better supervised and improved by comparison with other areas in the region. Government will adopt integrated measures in this regard to facilitate the effective development of tourism, as well as to coordinate tourism resources. Government will give particular attention to both central government and state organizations for cooperation between the public and private sectors. Government will also encourage all levels of society, including local communities to take part in special programs and plans.

Tourism includes not only things that can earn foreign exchange. Like emphasis should be given to domestic tourism matters that conserve foreign exchange. Therefore, when the people's income and standard of living improve, domestic tourism will advance. Thus, tourism projects will be drawn up to suit the tastes of the local people in order to insure that they are in keeping with domestic tourism needs. It is expected that this will

encourage Malaysians to travel within Malaysia rather than abroad. This development will also enable the establishment in scattered places of basic tourism-related facilities, thereby providing the people of the country with fine roads, convenient communications, and other facilities that will improve their standard of living.

In order to get the manpower needed to develop tourism, government will improve both education and training for tourism and various technical development plans. This will require formal professional and technical training, as well as on-the-job training in travel agencies, hotels, and the food and beverage industry. Similarly, government must also provide the public a basic education about tourism in order to allay unnecessary fears about the development of tourism. In this regard, the local authorities will use the broadcast media to make the public understand that the commercialization of scenic sites, parks, entertainment facilities, and other tourist products will in no way adversely affect the local people's cultural values and fine traditions, but that tourism will enhance the country's traditional culture, and the quality of its life and customs.

Trade is confronting increasingly intense international market competition and protectionism. For this reason, the local authorities will take more positive actions to sell the country's products. Not only will it open new train offices, improve existing offices, and take part in foreign trade fairs, but government will also do more market research and collection of data. This will help open up trade opportunities, identify potential markets, and spur the growth of markets for Malaysia's products.

[1 Jul 91 p 10]

[Excerpt] In order to give further impetus to the sale abroad of added value manufactures and agricultural products, government will continue to facilitate the refinancing of export loans. In addition to the two kinds of facilitation it already provides, it will increase export credit insurance and guarantee plans. This will provide a protective umbrella and avoid foreign trader non-payment for purchases of Malaysian products. This facility will enable a marked increase in the country's exports.

Government will continue to provide suitable assistance to maintain and improve the country's export products market sales capabilities. This assistance will include improvement of quality, design, and packaging. Government will also continue active participation in international and regional forums and organizations, such as GATT, the United National Trade Development Conference and Tungha [sic] in order to obtain new markets and consolidate existing markets through free and equal trade.

The domestic trade sector will also see strengthening and modernization. Government will encourage partnerships, link-ups, and cooperative networks. Modernization of the wholesale and retail trade will enable a link up between domestic and international markets, and the formation of more competitive domestic trade. This will not only enable competition with the surge into the country of foreign

hotel chains and super markets, but can become a springboard for exports as well. The rural retail system will become stronger as a result of current commercial concepts, and both urban farmers markets and night markets will continue to develop.

Existing small scale service trades will be of two kinds. One is Chinese family businesses, and the other is rather small scale non-Chinese businesses. This will encourage all communities to enter this field. Some obstacles such as the lack of capital and raw materials will be overcome while Bumiputra participation will increase for the creation of a Bumiputra business community.

Basic Facilities

The goal in development of basic facilities is to provide an effective system for mutually supporting functions, and to ensure that these facilities will be able to keep pace with development during the 1990's. Development of this sector can also encourage a blending among areas, particularly between cities and the countryside. In order to attain this goal, the local authorities will widen and improve roads, high speed highways, railroads, airports, and ports. Their development can also spur land use, the growth of development centers, transportation, communications, energy, and the use and development of natural resources.

Basic facilities will thus extend to new growth centers and undeveloped areas, thereby facilitating their ability to keep pace with overall development. In addition, the spread of basic facilities everywhere will help specialized production within regions as well as enabling a coalescence between under developed and developed areas. The building of roads in rural areas will also help overcome rural poverty.

Development of basic facilities will require enormous amounts of capital. Government will continue to seek sources of capital to satisfy these needs. In addition, participation of the private sector will also be increasingly important.

The existing road system is generally able to answer current needs; however, steady development will require more roads. New plans will mean that major cities and industrial area will have to be linked to ports, airfields, and railroad transportation. Road safety will receive special emphasis. This will include a system for checking drivers licenses, enforcement of traffic regulations, and the running of traffic safety campaigns.

Improvement of the quality of urban life will bring about a modern sewage system.

In improving the quality of life in rural areas, the local authorities will improve basic local facilities including the provision of running water.

Growth of industry and the service industries requires excellent telecommunications. National telecommunications policies will help the modernization of telecommunications. The local authorities will also extend these services to rural villages. The postal service will also be

modernized. Specifically, it will be computerized. Not only will this shorten mail delivery time, but it will also speed up all counter services.

Energy

Understanding the importance of the economy, low costs, and ample resources, government will ensure full development of the energy sector to meet the country's energy needs. In supplying energy, government will continue to stress long-term diversification and the development of both conventional and non-conventional energy sources in order to ensure their development at lowest cost. At the same time, demand control policies will apply to major energy using industries in order to increase energy utilization efficiency and to identify measures for forming suitable demand control procedures. These measures include price incentives, the fundamental objective of which is to influence change among different fuels, elimination of waste, and to increase the private sector's participation in the development of energy.

In the energy field, one major development will be the country's entry into a stage in which more natural gas is used as a energy source substitute, particularly for gasoline. Not only is natural gas the lowest cost energy source for the generation of electricity in the medium term, but is also the basis for the downstream activities of energy-based industries that will further catalyze industrial sector growth. In addition, more effective use of natural gas resources will reduce dependence on petroleum imports and the export of more petroleum. Inasmuch as natural gas is a clean fuel, its use will have a positive effect on the environment. During the 1990's, one will see plans for the country to begin to use natural gas more effectively in the energy and non-energy fields.

In the electric power field, not only will natural gas be used more effectively to generate electricity, but attention will also be given to the exploitation and development of hydrogen. Large hydrogen gas resources, particularly resources in Sarawak will be able to satisfy both the need for repaid electric power increase of peninsular Malaysia as well as of Sabah and Sarawak.

Although coal is currently a fairly low grade energy, since abundant deposits exist in Sarawak, its prospects are very bright. For the energy sector as a whole, the use of coal will reduce coal imports, and it can be used to generate electricity. The use of coal in industry will also increase, particularly in the cement and brick making industries.

Emphasis on Education and Training To Develop a Caring Society

The development of social services during the 1990's will be further oriented toward social and economic objectives in the development of a caring society. The development of social services during the Second Outline Perspective Plan will emphasize education and training, health and the population, housing, protection of the environment and resources, and other social services, such as youth and the development of physical education, library services, social welfare, broadcasting, and information.

In the education and training fields, efforts will continue in the development of citizens having a balance of knowledge and skills, who emphasize science and technology, have a positive spirit and moral values, responsibility, creativity, and who are highly attractive and capable for the development of a harmonious, prosperous, and unified country. In order to improve quality and increase educational and training opportunities so as to be able to deal with the needs of a developing competitive economy, measures will continue to be adopted to improve the existing educational and training system. These measures will also be used in continuing human resources development planning in support of new development policy goals.

Because of the ever increasing demand for education and training, government will act to increase educational and training facilities. It will give priority consideration to middle and primary school education in order to provide a stronger foundation for mathematics and unobstructed interflow of skills as well as scientific and technical talent. The vocational and technical education system will also be made more sensible for more effective development of manpower resources.

Actions are also to be taken to enable the country to develop fully conditions for a competitive national economy by providing highly skilled and efficient manpower, and through creativity in research and development, as well as fitting in with the development of science and technology. The higher education system will also be looked at further in order to train the kinds of talent that industry needs. In this regard, research, as well as masters and doctors degree courses in universities will be more closely dovetailed with the industrial world. Only in this way can it be assured that the research and instruction in universities are in keeping with the needs of the economy.

The education that the education system provided in the past was limited. In order to remedy this problem, the public sector will further improve and amplify non-formal education and educational facilities for those in the formal education system. At the same time, it will also encourage the private sector complete this effort while gradually extending general education from nine to 11 years.

In addition to expanding the content of education in institutions of higher learning, government also recommends establishment of an open university to increase opportunities for people who love higher education. It will continue to encourage going abroad for advanced studies, particularly in specialized courses and knowledge that Malaysia must get from industrialized advanced countries.

Because of the limitation of public sector resources, the private sector will be encouraged to complete the efforts of government in providing pre-university education. However, government will intensify its inspection and supervision of education and training given in the private sector so as to assure that the quality of education is consistent with government policy.

In the development of special skills in industry, particularly at the technician level, skills needed for the development of industrialization will be provided. Government

will rationalize the vocational, technical, and industrial training system to attain this goal. It will improve the quality of instructors in order to design more suitable courses that assure that needs in the industrial world are better met.

Malaysia will pursue the goals that it has pursued since 1990 in the health care field so that the goal of good health for everyone will be attained by 2000. The overall policy of good health for everyone will be further developed, and more will be done to improve the health care system in rural areas in order to assure that medical care is more equitably distributed and that quality is improved. Current policies that include treatment, prevention, and the promotion of good health will be continued. Rural medical care will be improved through upgrading, innovation and updating of medical treatment facilities, and high quality and experienced personnel will continue to advance development.

Because of the rise in costs of medical treatment in cities and since private medical facilities are widely available, government will further expand private sector medical treatment facilities by providing financing and equipment. However, this will be done by assuring that medical treatment is more convenient and that quality is higher, criticism plans used to assure that quality is guaranteed.

In the development of manpower resources, stress will continue to be placed on family development. Plans include providing advisory services, health care publicity and education, nutrition and child care. In this regard, the public broadcast media, parents, and volunteer groups will play and extraordinarily important role.

Making industrial and vocational health and safety information a part of university medical courses will help improve standards in this regard. General practitioners, nurses, and medical assistants must be given similar training in order to enhance and improve vocational medical and safety standards. The authorities' establishment of vocational health and safety school will further improve the health and safety of workers. [passage omitted]

Kelantan Hydroelectric Plant Gets \$5 Million Loan

91SE0334C Kuala Lumpur BERITA HARIAN
in Malay 13 Jul 91 p 7

[Text] Tenaga Nasional Bhd has obtained a loan of 1.34 billion ringgit for the construction of the Pergau hydroelectric turn-key project, the largest investment in Kelantan, at the lowest possible interest rate of 0.8090 percent per annum.

The turn-key construction project, which involves an investment of 1.823 million [as published] ringgit, has begun and is scheduled for operation in March of 1996. It will also involve technology transfer and the use of 2,000 skilled and semiskilled Malaysian workers.

In Kuala Lumpur yesterday, Tenaga Nasional signed two separate contracts: one with J. Henry Schroder Wagg and

Co., Ltd., based in the United Kingdom, for a loan of 1.34 billion ringgit; and the other with Kerjaya Balfour Beatty Cementation Sdn Bhd for managing design and construction of the project.

Kerjaya Balfour Beatty Cementation is a joint venture of the Bumiputra [Malays and other indigenous peoples] company Kerjaya Construction Sdn Bhd with Balfour Beatty, Ltd., which is based in the United Kingdom.

After the signing of the contracts, Tenaga Nasional Chairman Tan Sri Dr. Ani Arope said in answer to questions that the project is consistent with the plan to make Malaysia an industrial nation before the 21st century.

He said the interest on the project loan is so low because it involved discussion between governments, the purchase of imports, and assembly in the United Kingdom and the European community.

He said that contract and loan talks began in 1989. The project will involve building a dam 74 meters high, constructing 29 kilometers of tunnels, and installing a 600-megawatt underground generating station capable of supplying 520 million electricity supply units per year.

The project, located to the southwest of Kota Bharu, involves channeling and collecting the water of the Pergau River and has a catchment area of 222 square kilometers.

The project also includes construction of 55 kilometers of highway and the moving and breaking of 5 million square meters of rock.

Tan Sri Dr. Ani said Tenaga Nasional is being given 14 years to repay the loan in addition to a six-year grace period. Tenaga Nasional will also use 470 million ringgit in internal funds for the project.

"When completed, it is expected to reduce flooding in the state," he said.

Telephone Company Unable To Meet Demand

*91SE0334D Kuala Lumpur UTUSAN MALAYSIA
in Malay 10 Jul 91 p 18*

[Text] Ipoh, 9 Jul (BERNAMA)—Telekom Malaysia is losing about 7.5 million ringgit a year because it is still

unable to provide telephone service to about 75,000 potential subscribers throughout the country, Nasruddin Alang Saidin, a member of the company's board of directors, said today.

He said that is the number of people who have been on the waiting list for telephone service for three years.

Almost half of those on the waiting list live in the North, about 6,000 of them around Lembah Kinta, he told reporters after inaugurating a seminar sponsored by the National Union of Telecommunications Employees (NUTE) of Lembah Kinta.

"This matter must be treated seriously, because it not only hurts Telekom Malaysia's income, but also hurts the company's image," Nasruddin said.

He will take the matter to the meeting of the board of directors scheduled for 25 July to ensure that cable installation work will be done quickly.

He said Telekom Malaysia expects it will be able to provide service to 85 percent of applicants on the waiting list by the end of next year.

Although the company estimates that telephone service will increase by 15.3 percent annually, the opening of many new housing projects makes Telekom Malaysia unable to fulfill requests immediately, he said.

Nasruddin hopes that all state governments will inform the company before approving plans for new housing projects and that they will require developers to provide telephone cables before certificates of suitability for occupancy are issued.

So far, only the Pulau Pinang Government requires telephone cables in housing projects before certificates are approved.

Nasruddin said that Telekom Malaysia regional directors will ask for talks with state governments on this matter so that company planning can be coordinated with the opening of future housing projects.

Investments Increased Despite Crisis*91SE0341A Cotabato City MINDANAO CROSS
in English 13 Jul 91 p 1*

[Text] Businessmen were bullish towards the investment prospects in Central Mindanao during the first six months of the year despite the spate of kidnappings and the unstable peace and order condition in some parts of the region.

A report made by the Department of Trade and Industry (DTI) said investments registered an upscale trend compared with the same period last year.

DTI 12 regional director Ibrahim Guiamadel said the value of investments posted a high of 703.67 million pesos or 13 percent increase over 1990's 622.72 million pesos. He said fresh funds injected by 2,070 Original Business Names (OBM) in Cotabato Province provided the biggest factor for the impressive investment performance in the region.

Lanao del Norte recorded the highest capitalization value with 250 million pesos.

On the other hand, the Board of Investments (BOI) reported total investments at 114 million pesos, all for projects earmarked for Cotabato City. This includes installation of the new telephone system by the Philippine Long Distance Telephone Company (PLDT) for its expansion program as well as those undertaken by local shipping companies, Guiamadel said.

The amount of 3.9 million pesos invested by a mining company in Sultan Kudarat province also increased the volume of investment in the area.

Meanwhile, the value of foreign earnings generated from exports grew from 77.22 to 240.43 million pesos or an increase of 525 percent over last year's level.

Non-traditional products, like, furniture and wood products posted a total of 175.35 million pesos, also for the same period.

In the enforcement of Fair Trade Law, DTI filed two cases of mislabeling, 27 cases of Price Tag Law violations, three cases of unfair competition practice and 22 malfunctioning and uncalibrated weighing scales and measuring devices. Of the 54 cases, 47 were resolved through mediation and fines amounting to 22,600 pesos were collected.

Hostilities Outbreak Feared in Province*91SE0341B Cotabato City MINDANAO CROSS
in English 10 Jul 91 pp 1, 7*

[Text] Tension still grips the mountain town of South Upi in Maguindanao Province.

Reports received by THE MINDANAO CROSS said residents are bracing themselves for possible outbreak of hostilities between two armed groups unless the government acts on the situation.

A municipal official who requested anonymity said "it seems nothing is being done either by the provincial or the

regional autonomous government to diffuse the tension and find a lasting solution to the problem."

"The people are living in fear and some of them are in the brink of hunger," the official said. The unstable peace and order situation in South Upi has not only caused the dislocation of some residents, it has also jeopardized business, the same official said.

Last July 3, some 200 hundred [as printed] fully-armed rebels believed to be members of the Moro Islamic Liberation Front (MILF) headed by Kumanders Diego Omal and Benhar Bandala, burned 30 houses in an early dawn attack at Sitio Bahar, Barangay Pandan.

Five persons were killed and two others were wounded during the attack, military reports said. The fatalities were identified as Arturo Bansigan, a member of the Civilian Volunteer Organization (CVO) while the four others were rebels. Wounded were Lolita Mangacup, 35 and Andrew Bologan, 60.

The rebels also carted away the M1 Garand rifle of Bansigan and at least 30 carabaos and 10 horses owned by Bahar residents.

Two militiamen, identified as Federico Mondoc and a certain Gacolatao, were reportedly captured and taken hostage by the rebels.

The rebels were reportedly responsible for the burning of 20 houses in a series of incidents in the remote barangays of South Upi since April.

It may be recalled that hundreds of residents fled their hinterland villages last April after unidentified armed groups and cattle rustlers stormed Barangays Kuya, Cohan and Sanduagan in South Upi.

The evacuees sought refuge in Poblacion Timanan and in other neighboring barangays.

Reports said most of the evacuees have not yet returned to their villages for fear that the bandits would return to sow terror. Most of them decided to resettle in other safer barangays near the boundary of North Upi and Lebak town in Sultan Kudarat Province.

Commentary on Geothermal Wells Construction*91SE0341C Cotabato City MINDANAO CROSS
in English 13 Jul 91 p 5*

[Commentary by Jose Bulao: "Another Look at Geothermals"]

[Text] Last January 24, 1989 the City Council of Cotabato passed a legislation to give the "go signal" for the PNOC [Philippine National Oil Company] to construct a geothermal plant at Sitio Sabayan, Barangay Ilomavis.

If PNOC were given full authorization by local and national governments it will construct 41 geothermal wells in addition to the 2 already built on the slopes of Mt. Apo. Hopefully these geothermal wells will enable the production of 500 megawatts of electricity, enough for the energy

needs of the whole Mindanao and some parts of the Visayas. This will displace 2.8 million barrels of imported oil worth \$59 million per year of operation.

But this is not all. The National Power Corporation plans to create a Philippine grid that would connect Mindanao power sources to Luzon by 1996. This would mean that additional sources of geothermal energy in Mindanao be utilized. Last 1989 the PNOC got a grant from the Asian Development Bank for the exploration of 6 geothermal sites in Mindanao. Aside from Mt. Apo the other 5 sites are: Mt. Matutum in South Cotabato; Malindang, Misamis Occidental; Balingasag, Misamis Oriental; Mainit, Surigao del Norte; and Manayniacan, Davao del Norte. If all these sites be fully utilized perhaps Mindanao can supply all the electrical energy needs of the whole country.

At present with only five sites in the country producing geothermal energy for electricity we are already the second largest producer of this type of energy in the world, with an output of 894 megawatts. The number one producer is the United States with 2,212 megawatts. With the six sites in Mindanao producing energy through geothermal plants we hope to catch up with the United States.

Despite the fact that there have been many oppositions to making the present two wells on the Mt. Apo site operational and to the drilling of more wells there it seems that many sectors of the government are bent on resuming the work of harnessing geothermal energy from the slopes of Mt. Apo.

The oppositors tell us that if the planned 43 wells on Mt. Apo become operational they are going to dump 207,300 kilograms of hydrogen sulfide into the atmosphere in one

single day and cause acid rain that can adversely affect the entire Mt. Apo reservation, an ecosystem with complex watershed systems nurturing a fifth of the whole Mindanao. They also say that the geothermal sites there lie within major geological faults. A major earthquake can rupture the thick steel casings of the wells and infect the water table which is only 20 meters from the ground and which is used as drinking water and irrigation by the populace downstream from the wells. They add some more reasons for stopping the exploitation of geothermal energy on Mt. Apo: 1) This is illegal since the whole of Mt. Apo was declared a National Park in 1936; 2) It is a violation of the religious and cultural rights of the tribal Filipinos; 3) It will destroy the remaining rainforest with the unique species of plants and animals there; 4) It will be a threat to the most important watershed in Mindanao; 5) Its exploitation will not decrease the price of electricity; 6) Additional energy needs can be met through alternative solutions. But many of us still do not want to listen to them.

Now comes the eruption of Mt. Pinatubo with its devastating effects both on human lives and properties. And then we seem to have warning signs from Mt. Makaturing. And all over the country people are watching the volcanoes. We have also people who link the eruption of Mt. Pinatubo with the drilling of geothermal wells there or what others call simply as pipes.

It is time we listen to these warning signs before we touch Mt. Apo again with our destructive hands. Then the lesson of Mt. Pinatubo for us will not be in vain. (Data are taken from the compilation of the Peace Education Center, Notre Dame University.)

POLITICAL

Chawalit Discusses NAP Stance, Suchinda Ties*91SE0316A Bangkok KHAO PHISSET in Thai
10-16 Jun 91 pp 18-22*

[Interview with New Aspiration Party leader General Chawalit Yongchaiyut by KHAO PHISSET reporter Poramet Phuto in Khon Kaen on 1 June]

[Excerpts] General Chawalit Yongchaiyut, the leader of the New Aspiration Party, was interviewed on 1 June at Ban Non Sawan in Muang District, Khon Kaen Province, after Gen. Chawalit, members of the New Aspiration Party [NAP], and a number of reporters went to view the New Aspiration Farmers' Group Project in Ban Non Sawan. Even though sections of this interview have already been published in the daily press, in view of the fact that our reporter, Poramet Phuto, participated in the interview, there are many interesting details that have not yet been published. This is why we have decided to publish the full text of the interview.

[Poramet Phuto] The Southern Teachers Federation has threatened to withdraw from the New Aspiration Party, because it is dissatisfied about how many members will be allowed to run for MP [Member of Parliament]. Would you give us the facts about this problem?

[Chawalit] Our party is the party of all of people. I can't stipulate election principles. By principle, there are two sources [of candidates]. One is from the localities. That is, from villages, subdistricts, and provinces. The party branches or centers coordinate party activities in the various areas and arrange meetings when the party gives the order in order to choose candidates. But so far, we haven't selected any candidates. There hasn't been an election. We haven't carried on any activities. This is the truth. The second source is from occupational branches. Take teachers, for example. Steps must be taken to have people step forward and become spokesmen for teachers in various localities. We are now looking to see who will become the representatives of the various teachers' groups. Thus, teacher, farmer, and worker candidates are selected from occupational branches. We are now looking for candidates.

There may be some problems. For example, the reports that some teachers are unhappy about not being selected are erroneous. We have announced that we will be glad to work with all parties. We will welcome everyone with open arms. Senior people in the party have said this many times. There are now 80-120, and the number is increasing constantly. But no one can say who will be a representative from this area or this district. It is the people in the area who must make the decision. We are formulating selection measures to enable the people to tell us whom they want. Thus, the reports that some teachers are dissatisfied are wrong. I think that this is a misunderstanding.

As I have said many times, the New Aspiration Party was not formed to serve as the representative of other parties or older parties. We are independent. But we would be glad to

cooperate with others. We have told everyone that they must do things that will benefit the people in their zones. They will be selected on their own. The party will field them.

[Poramet Phuto] After the events of 23 February, it was said that that was just one step back in order to move forward 10 steps. Today, do you think that we have moved forward at all since that step back?

[Chawalit] Who said that?

[Poramet Phuto] General Suchinda.

[Chawalit] Why don't you go and ask him? How can you measure movements backward and forward? Perhaps you can measure this based on how the people benefit. What are the interests of the people? If you talk about this too much, things become confusing. Let's put it simply. The interests of the people lie in building an administration within a real democratic system. Only such an administration will truly benefit the people. Right? I have said this many times. The NPKC [National Peace Keeping Council] has said that it seized power in order to eradicate parliamentary dictatorship. They did not say what they would do. But they have taken action, as has the New Aspiration Party. Democratic institutions must come into being. We have to look and see if there really was democracy before.

Some people may say that there was democracy, because we had a parliament, a constitution, a cabinet, and so on. MPs [Members of Parliament] could argue in parliament. People could do what they wanted and had rights and freedoms. But that is insufficient. Because if there had been a legitimate administration in accord with the intentions of a real system, the people would be better off. In short, our country shouldn't have the poverty that it does. Things shouldn't be like this. Because in the final analysis, Thailand isn't a poor country. We have made many foreigners very rich. Don't criticize just Thais. And if we had a democracy, we wouldn't be sitting around talking about democracy all the time. Today, we talk about this all the time. What to do to hold elections and how to draft a constitution in order to have democratic elections are two separate matters.

Thus, I have said that that was not democracy. Even though people discussed matters, held seminars, criticized each other, and drafted various constitutions, we did not have democracy.

Let's return to your question about retreating one step in order to advance 10 steps. You asked if they have built democracy. This is the answer, right? If they talk about reducing or increasing interest rates, drug patents, airplane crashes because of faulty engines, and so on, that is not democracy. What will tell us if they are building democracy? The most important thing is allowing an election to be held. Because we know that holding an election will build democracy. Only by having an elected government can we build a real democracy. People have been given rights and freedoms. I am not criticizing them on that. They are afraid that there will be anarchy. I haven't criticized anything. But the clearest form is an election. My

question is why they haven't built democracy by holding an election. Why do we have to wait until a constitution is drafted? There is no answer to that question. [passage omitted]

[Poramet Phuto] If a constitution is viewed as a framework for controlling the election system, it's necessary to have a constitution before holding an election. It's like a path that we must follow.

[Chawalit] We have had 13 constitutions already. I won't say anything if we formulate a new one. We have had 13 in the past 59 years. And all of those have been torn up. Right? You can read those constitutions. Because the country's situation has been in such turmoil, the people can't survive and so it is necessary to have a new constitution. Everyone thinks that the nation's problems have to do with the constitution. During the time that we have had 13 constitutions, there are other countries that have never had a constitution. How have they managed to survive? All I am saying is that we should be careful so that we don't keep making the same mistakes over and over, with the end result being another coup and another constitution. We keep going around and around in this circle. Thus, I hope that someone will break this circle. It's strange to hear the military talking like this. I have new aspirations.

[Poramet Phuto] In view of the fact that you were once a senior military leader, is it possible to build a mechanism to control military leaders to ensure that this does not happen again?

[Chawalit] Wasn't there a mechanism in the past? Didn't they say that anyone who tried to overthrow the constitution was in violation of the law? The best thing now is not to do the same thing again. If we keep going over the same path, we will never be able to move forward. We are now going over the same ground that we have been over before. That is, people seized power and are drafting another constitution in preparation for holding an election. Can't that be changed to seizing power, building democracy, holding an election, and then drafting a constitution? That would get us off the old path somewhat. I just hope that they don't do the same thing as in the past. But the best way to show that we have a democracy is to hold an election.

[Poramet Phuto] To summarize your views, the next prime minister will be the one who controls the state apparatus, isn't that right?

[Chawalit] It can be anyone who wants to have a democratic administration, who has a democratic spirit, who understands the people, and who understands that only a democratic system can lead the country forward.

[Poramet Phuto] How can we know what that person thinks about democracy. Because every time something is done, democracy is cited as the motive force.

[Chawalit] The best way is to have the people speak out, because only the people know. If the people elect someone, no one can be faulted. Thus, elections are the most important thing in the system. [passage omitted]

[Poramet Phuto] Many people think that the present administration is doing a good job. Based on what it has done during the past 3 months, are you satisfied with what this administration has done?

[Chawalit] It's too short a time to tell. You can't do something today and know the results tomorrow. It takes time. I can't criticize anything. Those are all friends of mine. But if they do something wrong, I will have to criticize them. Friends can criticize each other.

[Poramet Phuto] Do you have anything you want to say to them?

[Chawalit] They shouldn't talk so much about having to rush to do this and that out of fear that the elected government will be worthless. They shouldn't think that only an appointed government can govern the country well. They are afraid that the people will become enamored and that the elected government will be a terrible government. Consequently, the democratic administration will be terrible. I have warned them about this many times.

[Poramet Phuto] As for the present situation, is there anything that worries you?

[Chawalit] I am concerned about the fact that the people are becoming poorer and poorer. We have not changed at all. One group of people has lost patience and formed a Coordinating Committee for Private Rural Development Organizations. They have criticized the six national development plans implemented during the past 30 years. They have said that the seventh plan is no different from the others. There is still much poverty. The private sector has special privileges. Thus, they have joined together in an attempt to get the government to give attention to the problem of poverty.

Another thing that worries me is that no one thinks about what things will be like 20-30 years from now. We have to hurry, because we are far behind. We need new people and new ideas to solve the country's problems. If the next six development plans aren't changed, things will become much worse.

[Poramet Phuto] Have you decided where you will run for election?

[Chawalit] They haven't even formulated an election law. That is looking too far ahead.

[Poramet Phuto] Undersecretary Phisan said that you might run in Korat.

[Chawalit] Did he say that? The opposition will misunderstand. (laughs)

[Poramet Phuto] What do you think about the fact that some members of the military and some MPs, or former MPs, are exerting pressure to have Gen. Suchinda become the next prime minister?

[Answer] That's fine. It would be fine if Gen. Suchinda became prime minister. People don't understand something. There are two matters. One is what is known as state organizations, that is, the administration, parliament, and

the constitution. The other can be called state mechanisms, such as the police. Whoever controls the state mechanisms wields power. Gen. Suchinda, for example, controls the military. He sincerely wants to solve the country's problems. He understands the various problems. Thus, he can become prime minister. He shouldn't be criticized. People shouldn't say that if he becomes prime minister, there won't be democracy. The important thing is that if he becomes prime minister, he must build democracy. There is time left. We can help and support him. He can establish a military party. That would be fine. He controls various mechanisms such as the police and the military.

[Paramet Phuto] If Gen. Suchinda does become prime minister, it means that the prime minister will come from the bureaucracy.

[Chawalit] It depends on the regulations. Don't forget the relationship between Gen. Suchinda and me. I like and trust him. I entrusted him with various duties. If Gen. Suchinda says that he will do his duty to the best of his ability and that I don't have to worry, I will retire immediately. All of us will retire. It isn't necessary that I become prime minister. I can serve in any capacity. All I want is to serve my country. This is not idle praise. He can become prime minister. [passage omitted]

Prasong Sunsiri on NAP Strategy, Chawalit

91SE0320A Bangkok KHAO PHISSET in Thai
8-14 Jul 91 pp 18-22

[Interview with NAP [New Aspiration Party] spokesman Prasong Sunsiri by Paramet Phuto, place and date not given]

[Excerpts] [passage omitted] [Paramet] How does the New Aspiration Party [NAP] plan to build the party in terms of both theory and actual practice, and how much has already been done?

[Prasong] Ever since people first began forming political parties in Thailand, most of the parties were formed by leading people who were already members of a particular group. I don't think that that is the right way to form a party. A party should be the party of the masses. That is, the people should form the foundation of the party. In the past, those at the top have never gone to the base.

In forming a party, you must give attention to the mass base to see if the masses can be united in a party in which everyone is a master of the party. I think that such a party will have a more secure base. A party composed of wealthy, well-known people will not be able to survive for very long, because that party won't have a secure base. As for the NAP, we have studied things, and General Chawalit is interested in forming a party that is a party of the people. Thus, we attach great importance to the masses. We have ideas. But those ideas must have power that comes from below. Thus, the NAP has given attention to the question of how to get people from various occupational groups to participate in establishing or building the party. We have taken steps to arrange areas to form a system. At the top,

we must have a systematic structure, too. This structure refers to the internal arrangement of the party or to the various divisions so that there is a clear separation of duties. Thus, the NAP is arranged in two parts. One has to do with the popular base, and the other has to do with the party's work structure or organization. The NAP has divided people into three groups. One is the masses who carry on things in the localities. A second is the people who carry on things in the party. The third is composed of those who provide advice. We have been using this form for a long time. It can now be said that the NAP has a systematic organization. We have considered organizational methods. This is a very important matter. But before we could organize things at the lower level, we had to study the real bases of the various groups. We had to know what we could use to attract people's interest and get them to support us. This has to do with the party's line and policy, because we want to work as the representative of the people. We don't want to use them as a stairs to the top. We have never considered using the masses as a stairs to the top.

[Paramet] What are the firm ideals of the NAP?

[Prasong] One ideal of the party is to make our country secure. We want to make things secure for the people. This is our highest ideal. This is our dream no matter how long the road. This is the path that we are following. As for making the country and people secure, there are many specific measures, which takes us into the policy area. Speaking broadly, the country and the people will be secure. I think that this is unavoidable. The question is what to do to make the country safe and secure, which includes being safe from various threats. We have looked at the problems and tried to solve the problems. At the same time, we have given attention to those factors that will help increase the incomes of the people. If we can solve these problems, I think that our ideals will achieve results. This will be difficult, but it is not beyond our ability to follow this path.

Politically, we want to build a democratic system in which the people have real power and can solve the country's problems through their elected representatives. Our firm position is never to use force or any form of dictatorship. We believe that only a democracy with the king at the head can solve our country's problems and eliminate poverty. If we can do this, solving the other problems will be much easier. As everyone knows, one of the main principles of democracy is that power belongs to the people for the interests of the people. This is a universal principle. In the past, people just talked about this. As I said, the important base is the lower level. This is what we need. It is the masses who will elect representatives. How much will they accept this? We have to give attention to this. We feel that distributing power to the localities is an old form, but it is impossible to determine if the people have real power from the subdistrict councils to the provincial and national levels.

[Paramet] Some people have said that the NAP is "new hope but old blood." That is, the party is the same as new parties established in the past that grew rapidly.

[Prasong] That is their view. That's probably how they understand their own situation. I would like to explain that politically, the NAP is open to people from all walks of life. Politics is one vocation. We have professional politicians, and in previous elections, there were many old faces. But at the same time, new people did come along and replace them periodically. During the past 50-60 years, there were few chances for new politicians to become involved. Thus, we saw the same people over and over. But that does not mean that all the old politicians were bad. There were good political parties. Some parties have managed to survive for a long time, because they have good politicians. The bad politicians have not been able to remain in those parties. The NAP, too, has old politicians. Concerning this, as I have said, anyone can become a member of our party. But as for people running as a candidate in the name of the NAP, that depends on various steps. Not everyone who wants to run for election will be able to do so.

We have at least two steps, that is, from the base below to the top echelon. But we have the base monitor things. At the top, there are various checks. This does not mean that we have not considered the feelings of the people. They want the NAP to be country's new hope. I have to admit that this is their good hope. We have to be aware of this. All of us are well aware of this. We have to hold meetings in order to consider things systematically before making a final decision about whom to field in this province or that locality with the approval of those below. As for bad politicians, I don't want to view them with respect to the NAP. But in view of the reports that have been published, I want to observe that those who favor individual constituencies and party voting are focusing on just a few points. Using this form will make it possible to use the influence of leaders or money. But as for the NAP, it doesn't matter whether the individual candidacy form is used or not. We just want an election to be held. We are ready. It will be the people who decide.

[Paramet] Recently, people have expressed the view that the time has come to disband the National Peace Keeping Council. In the present situation, what is the best way for the NPKC to withdraw?

[Prasong] All of those on the NPKC are my friends. The best way to solve the various problems is for the NPKC to allow an election to be held as soon as possible. Today, they are saying that regardless of how well known they are and regardless of the feelings of the people, matters are up to the government. They are not involved. And the drafting of a constitution is the affair of parliament. If they want to say that, they can, but that is simply beating their fists against the ground. That's not right. When people seize power, they will necessarily be involved in things, because they are the ones who established these organizations. They can't say that they aren't involved. When someone does something that is not in accord with their reason for seizing power, that damages the NPKC. This will happen more and more. People are taking a dimmer and dimmer view of the NPKC. The members of the NPKC should not think that people are out to destroy the NPKC. Instead, they should look at themselves. They

should take a look and see what they have done to benefit others. The promised five things. If they have not fulfilled their promises, they will get the blame. Corruption is still rampant. And there are signs that they plan to continue clinging to power. Thus, people in general feel that they can't be trusted. That is now people feel. Thus, I think that the best solution is to hold an election as soon as possible. That is the best way out for the NPKC. [passage omitted]

[Paramet] Why is there such a great conflict between the Justice Unity Party and the New Aspiration Party? It seems that these two parties should be able to join together.

[Prasong] The NAP is glad that a new party has been formed and that a system for establishing political parties has been established. We don't think like some factions. We can't prohibit them from doing things. As for their hurriedly establishing a political party like this, it's like establishing a fast food restaurant. What they mean by a fast food restaurant is that you get your food right after ordering. If a political party is established like a fast food restaurant, it may collapse rapidly. It won't grow. Looking at that line, if they don't have a democratic line, I don't think that it would be good for the NAP to join with them. There is a conflict of views. And there is a difference of opinion on party building principles that will help develop the political parties. The NAP must be built systematically, not like a fast food restaurant. We have never considered establishing a fast food restaurant. That is not good. It wouldn't last.

[Paramet] There have been reports that the NAP has formed a shadow cabinet.

[Prasong] There have been rumors that a fax was sent to publishers regarding the formation of a shadow cabinet. The NAP does not know anything about this. People are probably trying to harm the NAP. It's normal for political parties to assign various duties to people. We have looked at the political conflicts that have taken place in the past. Thai political parties are like Thai boxers. There are five rounds. This has happened very quickly, which shows that they have bad intentions. You have to box for five rounds. So far, no punches have been thrown. (laughs). You can't do things this way. This causes people to make sudden decisions. We haven't done this. The fact is, once you have established a political party, you have to build politicians. You have to see which people have the knowledge and talent needed to oversee the various bureaus and ministries. There is nothing wrong with this. But this is not the time for political parties to be thinking about this. Our party is looking for members. We are organizing things in the provinces and looking for people capable of serving as MPs [Members of Parliament]. I don't know who will be chosen. This is not the time to say that this or that person will be appointed this or that. We can't say this. We can't think about this, because we have to get people in first. That is, they must first be elected. As for forming a government and thinking about who will hold what position, that is a particular stage. Gen. Chawalit has announced that he wants to win a majority of the seats. This is a principle of every party. As for who will be

responsible for which position, we haven't thought about ministerial positions. The first step is to think about who will be responsible for the various branches. Gen. Chawalit is concerned about finding suitable people. For example, with respect to security matters, who will help look after things? On the economic front, there must be people to monitor things. The party leader thinks that if things are done this way, it will be easier to find people once the time comes. But this is not the time. We must first know whether our candidates will be elected. Gen. Chawalit is intent on having the NAP form a government. And all of the NAP ministers must be elected MPs. It doesn't matter if the constitution requires this or not. That is Gen. Chawalit's intention. We have discussed this and concluded that ministers must be MPs.

[Paramet] Squadron Leader Thiti has said that the NAP will be an opposition party.

[Prasong] The leader of our party has said that we will be the head, not the tail. But if we can't be the head, we will have to be on the other side. Serving as the opposition is good, too. The country will see that we can serve as a systematic opposition. That would be interesting, too. But I think that our party leader was correct when he said that we will be the head. As for forming an alliance, if we don't win a majority of the seats, we will have to form a coalition government. [passage omitted]

[Paramet] There have been reports that General Sunthon is a member of the NAP.

[Prasong] That's not true. Gen. Sunthon is a friend of the NAP, but I have not seen his name on the membership list.

[Paramet] Once there has been an election and a new government has been installed, what will happen to the NPKC?

[Prasong] We must look at the constitution at the time they wrote the provisional articles, which are very important. These clearly show what the role of the NPKC will be. And the constitution will contain election laws. We will have to keep an eye on this. This will become clearer later on. For the present, we will have to wait. The 1988 constitution has been scrapped, but many of the provisional articles have preserved the powers of government officials.

[Paramet] Are you afraid that the provisional articles will not be in accord with the democratic system?

[Prasong] Frankly, we have never been afraid of that. If those who write the new constitution preserve dictatorial powers, they can do so. But our party is not a fast food party. Similarly, our party won't wage a struggle using money. The money donated by people is sufficient to manage the party. We can wage a struggle effectively, unless others spend huge sums of money. We will wage a struggle that is fun. There will undoubtedly be vote buying even though the constitution prohibits that. Otherwise, there wouldn't be reports about single constituencies and party voting. [passage omitted]

Khukrit's Views on Funding for Political Parties

91SE0346A Bangkok BAN MUANG in Thai 16 Jul 91
pp 1, 3

[Unattributed report: "Just a Rumor That Tax Funds Used To Purchase Members of Parliament"]

[Excerpt] "Khukrit" did not believe that corporations would be set up to solicit funds for political parties. This would be impossible. Accepting funds from other countries violated the election laws. He had heard the report of MP's [Members of Parliament] being bought but felt it was without basis - it was just a destructive rumor. "Michai" was preparing to correct the election laws for political parties. He revealed that the government had supported its own political party but had not supplied much money. It had blocked the channels for receiving dishonest money. "Pramot" urged that the vicious circle be corrected quickly.

On 15 July Major General Kukrit Pramot (MR) [Royal Title], a former Prime Minister, allowed himself to be interviewed about the proposal of N.T. Thiti Nakhonthap, a politician, that corporations be set up to collect money for political parties. He said that this was just a small story in the newspapers, and he did not take it seriously. It was just a rumor intended to hurt someone. It was not true. "If they are not happy with someone, they spread rumors about him to discredit him. It is too bad if such rumors are believed."

The former prime minister said that if such corporations were actually set up, it would be normal for contributors to get political benefits. Who would contribute money without any hope of something in return? When money is contributed, it is because something is wanted in return. "Whoever receives money like this is very bad because they must provide unending benefits in return. I feel no one would get involved in this sort of arrangement because everyone understands the problems, and the Thai people are not apt to do this sort of thing."

The reporter asked if these corporations were really set up, would it violate the law. Kukrit said that "it would certainly violate the law because the law for political parties strictly prohibits accepting funds from abroad. This would be especially true for investment companies because an investment in a political party would be an investment to gain a future benefit. These companies are looking for ways to do business such as buying at a low price and selling at a high price. This is no way to run a political party. When there is an election and the party becomes the government, it will have to provide a great deal to those making the contributions. This cannot be correct. This story is not true."

In response to a question about his opinion of the statement of Mr. Chuan Likphai, the head of the Prachathipat Party, that former MP's had switched parties and had received a regular monthly salary thus bringing about a vicious circle, the former head of the Kit Sangkhom Party said that there had been none of this sort of thing in the past. A vicious circle had to keep repeating itself. He had

heard about the down payments or fees being paid and the salaries being paid afterwards, but he did not know how true it was.

"What I heard was that payments of about 50,000 to 60,000 baht were made and a salary of 10,000 to 20,000 baht was paid. I will only say that this is what I heard," the former head of the Kit Sangkhom Party said. He said that he had not heard whether this had happened in the Kit Sangkhom Party or not because he was not involved in the party and did not want to be involved.

In response to the question of whether this amounted to the buying of politicians or not, the former Prime Minister said that if the reports were really true, it did, because if money was entering Thai politics to buy politicians, in the end something would be wanted in return. The money, and the benefits provided in return for the money, were not good for politics.

Kukrit said that if the sources of the money being provided to support political parties were revealed, no one would provide funds because no one would want it revealed. It was important that people accept that money could be taken by parties for party activities in elections and for no other purpose. But if there were a law that this support had to be revealed then no one would dare provide the support.

The reporter asked how the method of supporting the parties could be reformed. The former Prime Minister said that all other democratic countries allowed political parties to receive financial support. If this were not the case the parties would not be able to carry on. "Perhaps the funds are provided by rich people or companies which believe that the principles of the party will allow them to make a living in the future by not allowing the country to become Communist, which would cause them great losses. If they believe in the principles of the party, they help. Those who have provided support for the election of a president are provided posts as ambassadors in various places. This shows that benefits are provided in return - this is not unusual at all," Kukrit said. [passage omitted]

JUP Activist Discusses Party Affairs

91SE0317A Bangkok SIAM RAT SAPDA WICHAN
in Thai 7-13 Jul 91 pp 12-16

[Interview with Squadron Leader Thiti Nakhonthap, Justice Unity Party activist by SIAM RAT SAPDA WICHAN; place and date not given]

[Text] [SIAM RAT SAPDA WICHAN] The Justice Unity Party [JUP] is a military party, because it was formed after the military seized state power.

[Thiti] I can assure you that this party is not a military party. I am an old soldier. I am a member of Air Force Academy Class 3. I was commissioned around 1960-1961. At that time, there was much turmoil both here and abroad. There was fighting in various places. Some of us who graduated at that time had to go fight abroad. Others carried on operations here. That was a time when the

communists rose up. There was fighting here, and neighboring countries were in upheaval.

All of us did our duty as soldiers. There was great solidarity among the four branches of service, including the police. As we rose in the hierarchy, we became even closer. We were also close to those who graduated after us. It created quite a stir when I said that "I used to shower at the same time as Big Te." Actually, there was nothing unusual about that. That was a very ordinary matter.

When Big Te was in his 1st year, air force cadets in classes 1 to 5 used to bathe together. The same was true for Army and Navy cadets. There was nothing unusual about that. Thus, we are closer than usual. One reason for this is that we faced death together during the fighting both here and abroad. A second reason is that we are from different classes, and so there is nothing strange about the fact that I and Big Te and junior classes are very close.

The fact that I am now involved in political activities is my own affair. It has nothing to do with them. But people can't expect me to sever my relationship with them. Those in my class and Big Te, Gig Su, and others all call me "Ai Ti." Those from junior classes call me "Phi Ti." No one calls me "Mr Thiti." That includes Phi Te, Phi Su, and other senior people in the Army, Navy, and Air Force. Thus, people can't expect me to cut my ties to these people. It's similar to how I call officers who are junior to me. For example, I say "Ai Ot," "Ai Hin," "Ai Mui," and "Ai Phao." This is how we refer to each other. We are close to each other, and so how could we cut our ties to each other?

[SIAM RAT SAPDA WICHAN] Of the soldiers in the 1043 Group, which ones are interested in politics, particularly now that the Justice Unity Party has been established?

[Thiti] These people graduated two years ahead of me. I am acquainted with them. I know all of those who attended the Air Force Academy, but I don't know all of those who attended CRMA [Chulachomkiao Royal Military Academy] or the Naval Academy. Most of these are well-known people who were good at sports. Because there were frequently sports contests among cadets. I have known these people for at least 30 years. I didn't meet them just recently. That is particularly true for well-known people such as Phi Su and Phi Tui. They were good at basketball. Wimon Wongwanit was good at rugby. I know these people quite well.

The truth is, this has nothing to do with politics. Those people are involved in carrying out their military duties. I left the military several years ago and am involved in political activities. But I have known those people ever since I was young. If I need help with something, I can ask them as people who are from a senior class.

[SIAM RAT SAPDA WICHAN] Many people have said that this party is buying former MPs [Members of Parliament].

[Thiti] That may happen elsewhere, but not here. In other places where the mass media has investigated, that may or

may not be true. It isn't possible for us to buy MPs. But we may entice them with love and the party's correct ideals. We may "bid" higher than other people and other parties, because our ideals are tied to the interests of the people.

Some people mistakenly think that the JUP is buying former MPs. If you offer them 5 million but they know that they will lose, will they take the money? If you offer them 7 million and tell them that they can join any party, if they know that they will lose they won't take the money. This is the truth. But if you say, if you join with us, we can give you only 350,000 in support funds but you will win, the MPs will definitely join us. People still mistakenly think that money can buy MPs. But that is not true. The important factors are those factors that will enable them to win the election. It has nothing to do with money.

[SIAM RAT SAPDA WICHAN] There has been much criticism to the effect that the real leader and secretary of the party will come from the military.

[Thiti] This is terrible political mudslinging. People have their honor. No one wants to be a front for someone else. That would be bringing in people who are not concerned. They would be criticized. I do not consider those who are saying such things to be men. Such statements are hurting both sides. That is, this is hurting both Mr. Narong and the secretary. This is hurting senior people who are not involved in any way.

Those who hurt others for personal gain are not, in my view, men. This is not something that a fighter would do. All this does is tarnish the image of politics. And this hurts relations between the various factions. No one would be willing to serve as a front for someone else. Mr. Narong is a man who has achieved much success in his life. He has much power in certain groups. Why would he tarnish his reputation? Mr. Narong was a leader in establishing the party. We can't call him the "party leader" until a vote has been taken. When a vote is taken, Mr. Narong Wongwan may not be elected party leader. Similarly, the party secretary must submit to party resolutions.

Why are people saying that the real party leader and real secretary will come from here or there? The truth is, regardless of where they come from, they can't take over these positions if party members don't accept them. Today, we don't know who the "party leader" will be. This is the truth. If they are brought in, they could be hurt. People are afraid. There are "hill birds" who are chirping "mine, mine." But then they see that this is not the case. There are various methods. We don't know who is involved. This is political mudslinging.

[SIAM RAT SAPDA WICHAN] It's said that the JUP will not use "party financiers" or a party ATM system. Instead it will use a "party fund" system. Can you tell us from where the funds come?

[SIAM RAT SAPDA WICHAN] How can I tell you how much we have? You have to understand that this political party is a juristic entity. Political parties composed of merchants, economists, brokers, lobbyists, and international businessmen all need skilled "lobbyists. Thailand

has had to spend a lot of money to hire American lobbyists to handle various matters for the Thai Government in the United States. The United States may need skilled Thai lobbyists to handle the various business activities of American companies. Similarly, other countries that trade with Thailand need such lobbyists. They need legitimate "brokers" that will handle such matters. These are all sources of resources. People have made sacrifices so that we can carry on political activities. The only thing is that these resources must not go into people's pockets. It's not difficult to obtain these.

If we have businessmen and economists who are concerned about the common good, it will be easy to obtain money to build a political party that will work for the people.

[SIAM RAT SAPDA WICHAN] There have been reports that large sums of support money have been sent from abroad. This has greatly damaged the political parties.

[Thiti] That may be true for other parties, but that is not the case with this party. In the future, if we are successful in the election, the party's administrative organization will reveal things to the people and tell the people where every baht has come from and how much money the party has. We will go that far.

[SIAM RAT SAPDA WICHAN] The party does not have a popular base or party branches. Bringing in large numbers of former MPs may cause problems in the future.

[Thiti] There won't be. If people come from the center, there won't be any problems. There won't be a problem as far as "large and small mosquito nets" are concerned. This is because the funds used by the party will come from a central organization in the party. Things will be fair. Wealthy and poor alike will be equal here. This is one reason why we have established this party. We don't want wealthy MPs to give money to other MPs who are their underlines. Once they accept money like that, they have to vote for the wealthy MPs for ministerial positions. We won't have such a system. Our MPs will vote for people based on their abilities and prestige. In this way, we will have ministers who are more capable than those in the old system. And we will not allow a system in which ministers "recover their capital" or make money for the party. Our MPs will be independent. They will not be bound by money or by influential people in the party.

[SIAM RAT SAPDA WICHAN] Can you guarantee that this new party will prevent coups or the "vicious circle?"

[Thiti] If the MPs are capable people who conduct themselves properly and don't try to make a profit as has happened in the past, how could the military become involved again? The MPs will have their own money. The party management organizations will take care of things in accord with the situation and in accord with their position as MPs. They will have to conduct themselves well, because they won't have to engage in improper activities in order to earn a commission. Their only duty will be to work for the people. If MPs work to benefit the people, no one will stage a coup or look for an excuse to stage a coup.

Coups-revolutions stem from difficulties in the system, from corruption, and from influential people in parliament trying to make a profit for themselves. If we can eliminate these things, there won't be any coups, or a "vicious circle." This is more certain than the fact that the sun will rise in the east. If there is no wood, how can there be a fire. But our politicians brought in wood and lit a match. And so a fire broke out.

[SIAM RAT SAPDA WICHAN] Why did the party initially announce that it would support Big Su or Big Te for the position of prime minister?

[Thiti] We did not make any such statement. People misunderstood. We just held them up as "examples" of people who were doing the most to benefit the country at that time. That was the period when the National Peace Keeping Council, or NPKC, was formed just after the Chatchai government was dissolved.

General Suchinda showed that he could guarantee the country's security. We held him up as an "example" and said that Gen. Suchinda and others like him could benefit the country the most at that time, that is, at a time when the country was in such a situation. Thus, if there was political work, we were ready to "raise" him to the position of prime minister.

But when the election is held, if there is a person who is better qualified and better able to help the country, we will support that person for the position of prime minister.

Today, it can be said that if Mr. Anan Panyarachun, who has a handicap, keeps moving up and it can be shown that at election time, he is the best person to lead the country, we will vote for Mr. Anan for the position of prime minister. People shouldn't construe this to mean that we support Mr. Anan. The same is true in the case of Gen. Suchinda. We were just citing an example. By my saying this, the mass media will print stories stating that I support Mr. Anan for the position of prime minister. But that is not correct. But at election time, if Mr. Anan is the one who has done the most for the country, how could I vote for someone else? Similarly, if Mr. Anu is better qualified than Mr. Anan, how could I vote for Mr. Anan, unless Mr. Anu.... (laughs)

I have to address the criticisms concerning our supporting Gen. Suchinda and our being a military party. These criticisms are rather unfair. As a result of this, I have had to stay away from people with whom I have always been close. Because if we see each other frequently as before, people will criticize us and say that something must be brewing. I have thought about Phi Suchinda many times. I don't dare go see him. The newspapers have separated us. We live near each other, but now it's as if we lived very far from each other. We are separated by a thin sheet of newspaper. (laughs) Others misunderstand completely. We used to meet frequently. But we now have to stay away from each other. In the past, we met frequently. We were very close. We consulted each other all the time, because both of us are very concerned about the country. But today, he has gone one way and I have gone the other. He

is in front and I am in the rear. Because if the newspapers print something, that would be bad for both of us. Who has separated us?

Thus, if I talk about Mr. Anan Panyarachun being prime minister and people begin saying that Mr. Thiti supports Mr. Anan for the position of prime minister, Mr. Anan will have to keep away from me, too. (laughs)

[SIAM RAT SAPDA WICHAN] Do you still maintain that Gen. Suchinda is suited for the position of prime minister?

[Thiti] I can't say that now, because I am a member of a political party. I am part of the political system. In the past, I could express my personal views. But now, this is a political party. And another thing is that who becomes prime minister is not up to me or the JUP. This is up to the people.

If the JUP.... I won't talk about Gen. Suchinda, because I have already said a lot about him. I will talk about Mr. Anan. If I say that I support Mr. Anan for the position of prime minister and the people elect two people from the JUP, will Mr. Anan become prime minister? Suppose that I say that I will support Mr. Anan for the position of prime minister and the people elect 181 people from this party in a democratic election, will Mr. Anan become prime minister? Yes, he will if we win 181 seats. But if we win only 80 seats, will the other parties that will join with us to form a government having more than 180 votes agree with our choice? If they do, Mr. Anan will become prime minister. Thus, even though we say that we support Mr. Anan, whether we win more than 180 seats is not up to me or the JUP. That is up to the people. Isn't that right? Another thing is that if I say that I support Mr. Anan, will the party agree with this? This is a political party. If the party wins 181 seats and then says that it doesn't want Mr. Anan, how could I say that I support him? It all depends. This is a political matter. This is a political party. We will support our party leader for the position. If there is a party resolution on this, what can I do? Things must be done in accord with the rules of democracy. I can't just say that I support someone for the position of prime minister. Otherwise, I could say that I support "Khaosai Galaxy" for prime minister. The press would run and ask Khaosai if he plans to accept because Mr. Thiti supports him for prime minister. You have to ask that person. (laughs)

[SIAM RAT SAPDA WICHAN] People may view this as a "military party" because of the fact that former MPs who have joined the party have praised Gen. Suchinda. And there have been reports that he will resign his position as RTA CINC [Royal Thai Army Commander in Chief] before he reaches retirement age.

[Thiti] That's impossible. Gen. Suchinda will retire in 1993. That's simply not possible. In the present situation, that's impossible. The country does not lack capable people or people who can serve as prime minister. People say that this and that person are suited to serving as prime minister. But when Mr. Anan became prime minister.... Do you see? The handicap increased quickly. Isn't that

right? Abroad, they already see this. There are still many good people in Thailand. The only question is whether they will be given a chance.

[SIAM RAT SAPDA WICHAN] Do you see any likely prospects for the position of prime minister? Please give us two-three likely candidates.

[Thiti] I don't see anyone at this time. The situation may create a hero. We must wait a little longer. Things will be clearer at election time, because people will come forward and show their capabilities. But as far as the leaders of the old political parties are concerned, I don't think that any of them will become prime minister.

Speaking about the leaders of the old parties, we don't think that any of them would be a good prime minister. At present, the only hero is Mr. Anan. Even though he is not a very handsome man, he is still a hero. I think that he is doing a good job. But in the future, there may be someone who does an even better job. Who would have guessed that we would have such a prime minister, who is doing an excellent job and who is protecting the interests of the country?

However, this political party was not established in order to support a single person. It was established in order to serve the country. All of us love our country. How could we support a "bad" person to govern the country? We have to find a good person of talent. Such a person can't be found from among just 360 people.

[SIAM RAT SAPDA WICHAN] It's said that the New Aspiration Party will be a competitor.

[Thiti] Actually, the name of the Justice Unity Party shows that this party is a party in which people with a sense of justice can unite. Thus, the JUP won't act in a highhanded manner or try to eliminate others (emphasizes this), saying that "we have 181-182 votes" as others have done.

People probably think that the New Aspiration and the Justice Unity parties are competitors, because our party has grown rapidly. But frankly, it isn't our intention to compete against anyone. Because if there is a contest, one faction will have to completely destroy the other. But our intention is to build the best government possible for the people. Thus, our party is willing to compromise with other parties in order to reach a consensus.

[SIAM RAT SAPDA WICHAN] The New Aspiration Party has talked about "181 attack" and said that it plans on winning the position of prime minister. This indicates that they are very confident.

[Thiti] Everyone believes something different. I tend to believe those who say that we can't simply absorb or take the ideas of others. Even the Buddha warned his followers not to follow his teachings blindly but to question and test things for themselves before putting his teachings into practice.

Thus, if we believe the "181 attack" as they have announced.... (laughs) If you ask me, I have to express my congratulations, if that is possible. Because there will be

security. But if you ask me if they will win 182 seats, I simply can't answer that. Because if they can, we would have to add 181 and 182, which adds up to 363. (laughs) That is more than the number of seats in parliament. The other parties would have no seats. Thus, if you ask me, I can't answer that.

[SIAM RAT SAPDA WICHAN] What will the political power poles be after the election?

[Thiti] There will probably be fewer political parties. Up to four large parties will probably join together to form a government. But I can't say which parties. We can make bets on that later. I don't think that one party will be able to form a government. There will probably have to be four parties if the government is to be secure. Because some parties will probably win 50-80 seats. No single party will have an absolute majority.

[SIAM RAT SAPDA WICHAN] As an activist who has "set up dolls" for others and who is now engaged in politics on his own, how many seats do you think your party will win in the election?

[Thiti] I may be wrong. In the past, when I worked for others, I had confidence. I was neutral. But now, as people say, if you want to find a beauty, ask someone ugly. Your lover may be ugly, but you will say that she is the most beautiful person there is.

But actually, speaking without bias, I am sure that we will win 80 seats. What happens on election day will tell us how well prepared we are, who our competitors are, and how popular we are with the people. If an election were held tomorrow, we would win 80 seats. That's tomorrow. Regardless of the form of the election, that is, regardless of the form stipulated by the constitution, we don't have to fear anyone.

[SIAM RAT SAPDA WICHAN] There have been reports that the Justice Unity Party, the Prachakon Thai Party, the Thai Nation Party, and the Democrat Party will form a government, with the New Aspiration Party serving as an opposition party. In an interview, Mr. Samak said that Big Su will become prime minister and that Big Chiu will be the leader of the opposition.

[Thiti] You will have to ask Mr. Samak about that. That time hasn't come. Only after the election will we know how many seats each party will have. People can't "count their money" and so how can they spend 300 million?

But Mr. Samak is a man of great experience. He may be right. He may be looking at things based on his experience. His predictions might be right. But as compared with Mr. Samak, I am still "new on the block." I don't dare express views like Mr. Samak. But if he is correct, he is to be applauded for his courage in expressing his views. He says what he thinks. And something worth noting is that he is often right. (laughs)

[SIAM RAT SAPDA WICHAN] At one time, there were rumors that the Prachakon Thai Party would merge with the Justice Unity Party under the name "Prachakon Thai

Party" but that the two parties couldn't agree on the conditions. Would you tell us about this?

[Thiti] There was nothing behind this. The older brother of Mr. Samak, Lieutenant General Sommot Thunthorawet, is a member of Air Force Academy Class 1, not Class 2 as people thought. I know him. After getting to know him, I met Mr. Samak. That was a long time ago. I got to know members of the Prachakon Thai Party, including Pokit Phattanakun and Worothai Phinyasat. When these two learned that we planned to establish a party, they became alarmed. After this was announced, several factions began attacking us. Even people whom I met later such as Kanala Sukphanitkhanthaprap were worried. He was afraid that I would fall into a political trap and that we would fail. They were worried and monitored things.

Also, I personally have great respect for the views of Mr. Samak. I think that he is a very capable politician. If Mr. Samak were not in politics, it would be like eating noodles without peppers. I have asked him his views on various matters. We are allies on this front. And so rumors spread. I don't know where these rumors came from. That's all there was to it. It was because we were close. We discuss certain matters with each other. Both of us are concerned about things. That's all.

The Prachakon Thai Party has 300-400,000 members in Bangkok. How could they disband the party? And frankly, the Justice Unity Party is not ready to wage a struggle in Bangkok. How could a politician like Mr. Samak disband his party? If the name "Prachakon Thai" was used and Mr. Samak became an adviser to the party, that would be tantamount to disbanding the Justice Unity Party and merging it with the Prachakon Thai Party. That was the idea of just a few people. That idea was discussed, because there were fears that we would not be successful in establishing the JUP.

Who would have thought that things would be like this after just three months. People have said they we have grown very rapidly. Some people have been building their party for years and haven't achieved what we have. The Justice Unity Party is known throughout the country. This may be the reason why people have charged that we have taken advantage of the present situation. But even without the NPKC, this party would still have been formed. But because of the NPKC, the process was accelerated.

[SIAM RAT SAPDA WICHAN] What is the truth about coordinating things with the Thai Nation Party as allies through Air Chief Marshal Sombun Rahong?

[Thiti] Air Chief Marshal Sombun is the director of Don Muang Airport and a state enterprise administrator. He can't interfere in political affairs.

But I have a personal relationship with him. I was subordinate to Air Chief Marshal Sawat Phonchamni. During that period, Air Chief Marshal Sombun was a flight lieutenant, and I was a flying officer. He served as an aide to Air Chief Marshal Sawat. Air Chief Marshal Sawat was very generous to me. There was a relationship between his

aide and junior officers like me. He was a very caring person. Thus, we have maintained relations with each other.

[SIAM RAT SAPDA WICHAN] As a former military officer, would you tell us about the NPKC?

[Thiti] Unlike what some people think, I am not involved with the NPKC in any way. I do not hold any position in the NPKC. Phi George may have heard my name, but that is all. I have never talked with him. I know him as a senior officer. He is my senior by several years. He is a member of CRMA Class 1, the same class as Big Chiu. I am 6 years his junior. Thus, I don't have a relationship with him, and I don't hold any position in the NPKC. When people say that I am close to the NPKC, that is just political mudslinging.

Frankly, of the members of the NPKC, the only people I know are Phi Su and some of his friends. I know Phi Te and members of Air Force Academy classes 1 and 2. And I know those in the classes below me. That is, as a member of Class 3, in my final year, I got to know those in classes 4, 5, and 6. In short, I don't know those in the NPKC, and I am not involved with the NPKC. People have tried to smear us by saying that we are representatives of the NPKC. We have constantly denied this. The newspapers have reported that we are the NPKC's party and that we are a military party. Actually, there is just one former soldier who left government service 17 years ago. This is just an improper attack. This just shows how some people play politics. They are using rumors and the mass media as tools to attack us. I have never met many of the people whose names they have mentioned. Thus, there is nothing that I can say about the NPKC or the "power center," because I am an outsider.

[SIAM RAT SAPDA WICHAN] The position of minister of defense was an important issue that created problems just prior to the coup. There are rumors that Big George will become minister of defense.

[Thiti] I can't respond to that. Because by the time the election is held, Big George will have retired. It will be up to the political parties that have formed the new government to appoint a minister of defense.

[SIAM RAT SAPDA WICHAN] What is your view of the NPKC?

[Thiti] Let me answer as a politician. The NPKC's image is still good. Since it was first formed, it has never done anything bad. Once a government was formed, the NPKC stepped back. Today, it is the government that is governing the country, not the NPKC. Thus, what happens to the country today is the responsibility of the government, not the NPKC. The NPKC is just monitoring things from a distance.

Many people mistakenly think that the NPKC is governing the country. But the present government is not a "puppet government." The government is carrying out its duties fully in accord with the policies just like previous governments in Thailand. Thus, if the government's actions cause

problems for the country, it is the government that must take responsibility. If the government does something that benefits the country, it is the government that should get the praise, not the NPKC. There has constantly been confusion about this in the country.

This has nothing to do with the NPKC. Since the NPKC formed the government, it has not done anything. If you ask me about the NPKC's image, I have to say that it is "very good." Because since the government was formed, the NPKC hasn't done anything wrong. The great achievement of the NPKC is that it solved the union and "ya song" problems. Those, if I remember correctly, are the things that the NPKC accomplished. But if I am wrong and it was the government that did those things, then the government should be praised.

In political conditions, this shouldn't be involved. Other countries will recognize the government, not the NPKC. I think that today's soldiers are more democratic than those in the past. Just a few days after seizing power, they quickly formed a government. Some people say that they risked death and so why did they allow others to govern. But I think that these soldiers believe in democracy. After seizing power, they quickly stepped back so that things could be carried on in a democratic manner.

[SIAM RAT SAPDA WICHAN] You say that you aren't involved with the NPKC militarily. But what about on the business front?

[Thiti] I have many friends, and I attended Thammasat University. I have social relationships with people in many circles. I know many people in political groups. During the Prem administration and in other periods, I have been very successful in business activities involving the government.

[SIAM RAT SAPDA WICHAN] There have been rumors to the effect that you are close to soldiers because you are involved in the "arms business" and that that is how you obtained the money to establish a political party.

[Thiti] I am not involved in the arms business. Most of my business activities have to do with the construction business. I have never sold weapons to anyone, and I have never been a "weapons agent" for others. If someone had me sell weapons to the military and they were successful, they should get a medal. They should step forward. (laughs) I have never sold a single weapon. I have never owned a weapon. I have never earned a single cent from selling weapons.

I have never been a "weapons agent." Weapons dealers are paid a commission, aren't they? Some people.... I.... There may be some. But not "weapons." Guns and aircraft.... Some of these people knew senior people. When they came to see me, I took them to see these people. But I don't know if a sale was made or not, because I was not involved. I had nothing further to do with them.

I just "made a shortcut" for them so that they wouldn't have to go through this or that person. The more steps there are, the more expensive things become. But I didn't

engage in that. I like to "pull the switches" directly. But I have never engaged in arms trading. The only such things that I have sold are communications equipment and other such things.

But my main work concerns the construction business. This includes the construction of air fields and large buildings. All of these are major undertakings. I have been approached about selling commercial aircraft and other such things, but I have never received an "agent's fee" from them.

The money from "agent's fees" is called.... I have never received any such fees directly. But when there is a large business deal, I often tell friends. They come to see me on their own. I have helped people without asking for anything in return. I am quite well off. I have never owed money to the banks. I don't have investments. I lead an old-style family life. That is, my household expenses are not too great.

I do not spend money extravagantly and so my monthly income of 200,000 baht is sufficient. That is enough money for an ordinary family. But if we want to work on behalf of the people, we can tell our friends. I don't have any financial problems.

Editor Warned on Negative NPKC Reporting

91SE0318B Bangkok SIAM RAT SAPDA WICHAN
in Thai 7-13 Jul 91 p 2

[Text] Ministry of Defense No. 0400/2353 Office of the Secretary, Royal Thai Army Ratchadamnoen Nok Road, Bangkok, 10200

June 1991

Subject: Request for cooperation in presenting the news and expressing views.

To: The editor of SIAM RAT SAPDA WICHAN

During the past weeks, your newspaper has constantly printed columns and letters criticizing the actions taken by the National Peace Keeping Council (NPKC). The presentation of such views seems to oppose the work of the NPKC. This will confuse the public and may cause people to detest the NPKC and the Army, which risked seizing power in order to maintain order for the country and people.

The Army understands the role and importance of the mass media in reflecting the views of the people. In order to bring about real peace in the country, we ask for your cooperation in presenting the news and publishing people's views. You should present factual data instead of printing only the views of those who oppose the NPKC and the Army. This could hurt the country. You should present views that are both pro and con in order to criticize things in a constructive manner. This will benefit the people and country.

We want to inform you of this and ask for your cooperation in presenting news and ideas in a constructive way.

We hope that you understand the army's good intentions toward the mass media. Thank you.

Sincerely,

Major General Anuson Kritsanaserani Army Secretary

Secretarial Division Tel: 2411714

Commissions on Weapons Purchases Discussed

*91SE0318A Bangkok KHAO PHISSET in Thai
17-23 Jun 91 pp 31, 32*

[Text] After his name appeared on the list of those who were unusually wealthy, Mr. Sanao Thianthong struck back hard at certain senior people in the military, charging that there "might be" corruption in military circles. He said that certain people have received a broker's fee or that there is corruption in arms purchases involving large sums of money. "They will have to ask themselves if there has been any corruption. We know that this is a government secret. They say that they live on their salary. But if they live on their salary alone, they would not have houses and cars. Everyone knows that they have houses costing tens of millions of baht. Where did they get this money?" said the former deputy minister of interior and deputy leader of the Thai Nation Party, fighting back tenaciously like a dog that has been driven into a corner.

This has greatly shaken the military at a time when the military is "building the country." Thus, several senior military officers have taken resolute steps to suppress Mr. Sanao in order to protect the honor of the military. One of the statements issued by the military on this is that weapons sales have been conducted on a government-to-government basis. In making such purchases, no commissions have been paid. "The military has cut back a lot in dealing with these merchants. If someone has evidence, they should make it known," said Admiral Praphat Krut-sanachan, the RTN CINC [Royal Thai Navy Commander in Chief] and minister of defense. And Big Su said that there is no corruption in the Army. If someone has evidence, he should inform the OCCC [Office of the Commission to Counter Corruption] so that it can conduct an investigation.

Among those who deal in weapons, it is well known that today, very few of the military's purchases of weapons are made on a government-to-government basis. This was quite common in the past. Our "great ally," the United States, provided weapons support to the Thai military. The United States gave us its surplus weapons free. Or it gave Thailand low-interest loans to buy weapons from the United States. Such aid declined greatly after the United States lost the Vietnam War.

But when the tension between Thailand and Vietnam increased, the Thai military had to strengthen its forces. It began buying weapons directly from arms production plants and companies (government-to-manufacture basis) instead of receiving aid from the United States. In particular, the time of the Thanin Kraiwichian administration in

1976 is considered to be the golden age of arms dealers, because more than 20 million baht was spent on buying weapons.

Because each weapons deal was worth up to 10 billion baht and the sales commissions were so high, many businessmen were attracted to this business. They served as representatives or weapons agents for the Thai military. As a result, people frequently charged that arms dealers were paying generous commissions to high-ranking military officers in order to ensure that their companies could sell weapons to the military.

"Reports have stated that at present, weapons are purchased on a government-to-government basis. But those writing these reports don't know what is happening," said an arms dealer who plays a leading role in arms circles to KHAO PHISSET. He said that based on his experiences in weapons circles, the government-to-government method is used only when purchasing weapons from the United States. This is a form of aid from the American military to the Thai military. Usually this is done in the form of FMS (foreign military sale). That is, the Thai military can pay for the weapons in installments without having to pay interest. And prices are cheaper than if the weapons were purchased directly from the producers. No commissions are paid on government-to-government sales.

"The fleet of F-16 aircraft, for example, was purchased on a government-to-government basis. That was a very "clean" purchase. Take the last shipment of 18 aircraft, for example. The U.S. Air Force ordered General Dynamics, which produces F-16 aircraft for the United States, to produce these for Thailand. The reason why the price is lower is that the U.S. Air Force orders these along with its own order. That is, instead of producing only 18 aircraft, the company will produce 68 aircraft, with the U.S. Air Force taking 50 of the aircraft. When large numbers are produced, production costs are lower. That is, if you purchase large numbers, the price is lower." There is no commission on government-to-government sales. The United States has a law prohibiting companies or producers from paying commissions to agents in Thailand or in countries making purchases. If they do, they can be sentenced to prison. One example is the Lockheed scandal, which led to the fall of the Japanese Government at that time.

But the government-to-government method is used very little as compared with the government-to-manufacture method. "Recently, the only time that the government-to-government method was used was when the Air Force purchased F-16 aircraft and the Navy purchased Harpoon surface-to-surface missiles from the United States," said the same news source.

As for government-to-manufacture weapons purchases, the military holds bids and the agents of these companies or factories in Thailand rush to put in a bid. In this system,

the company or factory pays a commission as an "inducement." According to international standard, this commission is approximately 3-5 percent of the item purchased by the military. The government-to-manufacture system can be divided into two types:

1. Good quality, low commissions: In most cases, this type is used in cases in which the goods are of good quality and are used in the country of origin. The factory does not attach much importance to commissions. As a result, the agents in Thailand do not earn a large commission. In some cases, they are paid only 1.5 percent. But one of the problems with the Thai military's purchase of weapons is that the military is limited to using weapons with which it is "familiar." Some people say that this familiarity arises from the payment of large commissions even if the weapons purchased are of low quality or do not meet the standards, which is the second type.

2. Low quality, high commissions: The same arms dealer told KHAO PHISIT that "the commission paid on some items is as high as 10 percent. It has even reached 25 percent. It is known in these circles that these are items of 'arms godfathers.' In arms circles, it is known that the quality of these weapons is poor. Even the military in the producing country doesn't use these weapons. The factory there may be on the verge of closing and so they offer high commissions in order to tempt people to buy their goods." This arms dealer also said that the payment of such high commissions leads to a "monopoly" in selling weapons to the military. For example, there is one weapons godfather who is "very strong" in the Army and Police Department. And there is a female "godfather" who associates with the jet set who is very influential in the Navy.

He said that the payment of commissions is rather difficult to prove, because the commissions are paid in cash or the money is paid directly. Various names are used. The producing company or the agent opens accounts in other countries such as Singapore. Commissions are also paid in the form of expensive houses and pleasure craft.

"If you really want to investigate, check to see which people have been in a position to purchase or procure weapons during the past five to 10 years. Or look at who has 'had power' in Thailand during that period. Then check their background and family history. Because today, they own expensive houses and pleasure craft. That will tell you," said the news source. As for those who "grasp" for commissions the most, the news source said that it is the people who are responsible for purchasing weapons, particularly the "chairmen" of weapons purchasing committees. As for whether the "bigs" get a share, the news source was silent.

"The payment of high commissions also enables these dealers to raise the price of the weapons above the actual price. This should be stopped. This is despicable," said the same arms dealer in conclusion.

Actually, the issue of commissions in weapons circles is something that people have known about for a long time.

The only thing is that this is quite difficult to prove because of the lack of concrete evidence.

"But if the OCCC really wants to investigate, it is not beyond its capabilities," said an arms dealer who has been in this business for a long time to us in order to pass this on to the OCCC.

MILITARY

Atmospherics of Sunthon Trip to Vietnam

91SE0319A Bangkok LAK THAI in Thai 10-16 Jun 91
pp 22-24

[Excerpts] [passage omitted] General Sunthon Khongsomphong and his team of senior military officers left for Hanoi on the morning of 7 June. Those accompanying Gen. Sunthon included Air Chief Marshal Phisit Salikhup, the chief of staff officers and deputy minister of defense, General Wirot Saengsanit, the army chief of staff and deputy minister of communications, Admiral Wichet Karunyawanit, the navy chief of staff and deputy minister of interior, General Wichit Sukmak, the deputy chief of staff officers, General Charan Kunlawanit, who is attached to the Office of the Supreme Commander, Lieutenant General Charun Phunsanong, the director of the Directorate of Operations, Major General Adison Suphasamut, the deputy director of the Information Office, Major General Ruangrot Mahasanon, the chief of staff of the National Peacekeeping Command, Major General Sanan Khachonklam, the assistant director of the Directorate of Operations, and Major General Rat Chaiyakham, who is attached to the Office of the Supreme Commander. Besides paying a visit there, Gen. Sunthon and his group also went there to talk with Vietnamese political and military officials about the territorial waters issue in the Gulf of Thailand, where overlapping economic zones have been announced.

When the delegation arrived at the airport at 0915 hours, they were welcomed by Lieutenant General Tran Van Quang, the Vietnamese vice minister of defense, Lieutenant General Tran Hang, the deputy chief of staff, Major General Hoang Song, the secretary general of the Military Information Office, and Mr. Le Mai, the vice minister of foreign affairs. They were then taken to the guest house of the Ministry of Defense in Hanoi. General Tuan Keo, the first vice minister of defense, chief of staff officers, and Army commander in chief, who controls Vietnam's strategic policy, welcomed the delegation and took them to review the honor guard. Gen. Sunthon said to the honor guard, in the Vietnamese language, "Chao cac ban," which means "Greetings to all of you." The honor guard said in unison, "Chuc dai tuong khoe," which means, "Good health, General."

An official assigned to the Thai embassy in Hanoi informed LAK THAI that officials in Hanoi have not yet received a report from Ho Chi Minh City, or Saigon, on the seizure of four Vietnamese pirate boats in Thai waters. All they have heard have been reports from foreign news sources in Thailand. Vietnamese military officials tried to

obtain details about this from the Thai embassy in order to prepare themselves on this issue, because they were sure that Gen. Sunthon would raise this issue. When the Thai delegation arrived, they were asked about this and the matter was reported to Gen. Tuan. After the welcoming ceremony concluded and mementos were exchanged, Gen. Sunthon spoke about the purpose of this visit and talked about the matter of economic cooperation between Thailand and Vietnam. In particular, he spoke about the territorial waters problem, with the hope being that both countries will benefit "fairly" and that both will respect the territorial waters of the other. Gen. Sunthon, who used the term "phi" [elder brother] when addressing Gen. Tuan, who is senior to him, said that one purpose of his visit was to cement relations forged by General Chawalit Yongchaiyut on his visit at the end of March 1990. The hope is that our two militaries will understand each other and have closer relations. Gen. Sunthon mentioned the matter of Vietnamese pirates stirring up trouble near Lucin Island, which belongs to Thailand and which is located in the economic zone. He asked Vietnam to find a way to prevent this in the interests of the safety of Thai fishing boats. This is a very important period. He asked Gen. Tuan what he thought. Vietnam's top military leader said that those people were pirates, not soldiers. Thailand should prosecute them in accord with the law, because they are pirates who violated Thai law.

The answer given by Gen. Tuan, Vietnam's top military leader, concerning the pirates at Lucin Island was tantamount to admitting that that area, that is, the Lucin Island area, belongs to Thailand and that Thailand can take action in accord with Thai laws. This was one of the most important results of Gen. Sunthon's trip to Hanoi, and it established a wonderful relationship in these initial talks.

Gen. Sunthon said that Thailand wants this to be a peaceful area. We hope that the resources in and under the sea in this area can be developed jointly. Gen. Tuan said that Vietnam wants the same thing. Gen. Sunthon then said that the Navies of both Thailand and Vietnam should carry on joint operations to maintain safety in this area. This could include holding joint military exercises. Gen. Tuan felt that this was a good idea and said that consideration would be given to this proposal.

One of the senior military officers who went to Hanoi said that if Thailand and Vietnam hold joint military exercises, the Vietnamese Navy will know the boundaries of their economic zone. This is a recognition of the fact that "Lucin Island" belongs to Thailand.

In welcoming Gen. Sunthon, besides senior officers from the Politburo, he was also welcomed by Vice Admiral Hoang Hong Hai, the Vietnamese RTN CINC [Royal Thai Navy Commander in Chief], and Air Vice Marshal Phan Khai Ngan, the RTAF CINC [Royal Thai Air Force commander in Chief]. Vice Admiral Hoang Hong Hai is the man whom LAK THAI profiled in this issue in view of the fact that the operations by Thai Naval Forces at Lucin Island could have resulted in a confrontation with Vietnamese Naval Forces if Vietnam considered that island to

be within its economic zone. At present, Vietnamese naval forces stationed on the Vietnamese peninsula at Cuu Long are now on the move.

Vice Admiral Hoang Hong Hai, the Vietnamese RTN CINC, told LAK THAI that this matter doesn't pose a problem. Our militaries understand each other. No action will be taken by the Vietnamese military. People can rest assured of this. Vietnam wants peace, because it has been fighting for freedom and independence for a long time. Now that it is completely free, it wants peace and wants to bring about stability within the country. Vietnam's Naval commander said that if Vietnamese commit acts of piracy in Thailand's territorial waters, they deserve to be punished in accord with Thai law. [passage omitted]

Big George's trip to Vietnam was a success. As a result of this trip, the "Lucin Island" issue is no longer a problem. Vietnam understands and does not want things to become more complicated.

Navy May Sell Boats to Burma, Bangladesh

91WC0139A Bangkok LAK THAI in Thai
8-14 Jul 91 p 13

[Text] In the last issue, we showed a picture of the command room of the Chaophraya, our newest frigate. This is the first warship ordered from China. We won't say anything more about this until there are further developments. For example, within the next four months, the Bangpakong, which is of the same class as the Chaophraya, will be completed and arrive in Thailand. We will probably go and see what that ship is like once it arrives.

Military sources have indicated that Burma and Bangladesh are interested in "buying" boats from Thailand. That is, they want to buy river or coastal patrol boats. Our Navy can build such ships itself, and such boats have been deployed with the Mekong River Operation Unit [MROU].

This matter is now in the "contact" stage in order to determine what the needs of these two countries are. We want to know how many and exactly what types of boats they want. They may want boats that are larger than the river patrol boats that we are using.

The hulls of the river patrol boats used by the MROU are made of two pieces of fiberglass molded together. The hull is 11 feet and seven inches wide and 13 feet 11 inches long. The bridge is seven feet and 10 inches high, and the displacement tonnage is seven tons. The boats have a dock draft of two feet. At top speed, the draft is only eight inches to one foot. Thus, these boats have a very small draft.

The boats use two GM 6 V-53 T-218 KW 2,800 RPM diesel engines. The boats are equipped with communications equipment, Raytheon 1900 or 2900 radar, and AN/VRC 46 and AN/PRC 45 FM radios.

This boat can reach a top speed of 30 knots at 2,800 RPM and cruise at 20 knots at 2,300 RPM. As for the weapons system, in the stern of the boat are twin 50-caliber guns.

There is also a 60-caliber machine gun and a 60-mm mortar. The mortar is located near the middle of the boat.

If purchased abroad, this boat would cost about 4 million baht. But it costs the navy only about 380,000 baht to produce one of these boats. That is, we can build 10 of these boats for what it would cost us to purchase one boat from abroad. That is the cost of the "boat" alone. That does not include the cost of the weapons or communications equipment, the cost of which depends on the type of equipment used. As for the cost of the boats, weapons, and communications equipment, if Burma and Bangladesh want to purchase such boats, the Navy will charge less than that charged by other countries. But the price will be higher than what it costs us to build the boats.

Further Reporting on PRC Frigate Purchase

91WC0134A Bangkok LAK THAI in Thai 16-23 Jun 91
pp 26-28

[Text] As LAK THAI has already reported, the first frigate ordered from China, the Chaophraya, left Shanghai and arrived at the Laem Thian dock at the Sattahip Naval Base on 30 April. The Bang Pakong will be delivered in another six months. The Saiburi and Kraburi, which are Chaophraya-class frigates, will be delivered in six-month intervals. The Navy has also ordered two frigates of the Naresuan class, which are bigger than the first group of frigates. That is, they have a displacement tonnage of 3,000 tons. Altogether, we have ordered six frigates from China.

The "negative" reports about the frigates purchased from China came to an end when the Navy explained that there wouldn't be any problems in building the ships and that everything would be done based on the original designs and capabilities of the ships even though minor changes would be made in accord with the wishes of the Navy.

On 14-16 June, the Office of the Navy Secretary took reporters aboard the Chaophraya. They were taken on a cruise across the Gulf of Thailand to the Songkhla Naval Base in order to familiarize them with this ship. LAK THAI, which sent a reporter on this cruise, will publish a report on this cruise in the next issue.

The article in this issue is a continuation of a report printed previously. This is a very interesting subject based on Navy documents concerning the purchase of these frigates.

The Navy feels that its existing frigates/corvettes are old and rather small. And they have problems operating at sea in certain types of weather when they have to operate far from the naval base. Moreover, their weapons system is limited. The Navy must use this type of ship to conduct patrols and to escort cargo ships and protect the nation's interests and resources at sea. These interests are growing constantly, particularly our energy and fishing resources. Thus, the Navy decided to buy a larger frigate as soon as possible and to buy as many as possible within the limits of the budget in order to have them carry out various missions. They wanted a ship that can sail long distances

and operate in all kinds of weather. For these reasons, the Navy submitted its ideas on the need to purchase this type of ship. Higher echelons and the units concerned fully supported this.

The Navy planned to purchase four frigates. In studying the feasibility of purchasing this number of ships from various countries, it was found that it would be much cheaper to purchase the ships from China than from Europe or the United States. By purchasing the ships from China, the Navy would be able to purchase the desired number of ships. Thus, the Navy formed a committee, which was called the "Committee To Consider the Need for Frigates" and which was chaired by the deputy naval chief of staff, to determine whether Chinese frigates would be acceptable. The committee determined that the main engines would have to be changed in accord with Navy standards but that the weapons systems were acceptable. Moreover, it would not take too long to build the ships and the price was cheap, which would save budget funds. Also, the ships had the capability to satisfy the demands based on the missions that would be assigned them in both peacetime and wartime. The Navy would be able to purchase four ships as planned.

Thus, based on the deliberations of the Navy's committee, it was decided to purchase the ships from China. A committee was formed to purchase the frigates on a government-to-government basis. The chairman of this committee was the Navy chief of staff. The committee held negotiations and reached an agreement with China, with the agreement signed on 18 July 1988. The cabinet authorized the RTN CINC [Royal Thai Navy Commander in Chief] to sign the agreement on behalf of the Thai Government. The Chinese ambassador to Thailand signed the agreement on behalf of the Chinese Government. The Navy ordered two frigates with helicopter landing pads and two without landing pads at a cost of approximately 1.7 billion baht each. This can be compared with the Meko-200 type frigate, which has a comparable weapons system and which costs 7.5 billion baht.

China obtained the technology for this type of frigate from the Soviet Union. This is known as an 053 HT type frigate, or a Chiang Hu class frigate as it is known in military circles around the world. The frigate was built at the Hu Tong Shipyard in Shanghai. A ceremony to launch the ship was held on 24 June 1990. Admiral Praphat Krutsanachan, the RTN CINC, presided at the ceremony, and Mrs. Sisiri Krutsanachan performed the customary naval ceremony.

The frigate Chaophraya is equipped with a guided missile system, four MTU-20 V-1163 TB-83 diesel engines, a CPP propeller, and two rudders. The ship has a hull length of 103 meters, a keel length of 98 meters, a width of 11.33 meters, a keel width of 10.3 meters, a draft of 3.1 meters, a normal displacement tonnage of 1,676 tons and a full displacement tonnage of 1,924 tons, a top speed of 30 knots, and an operating range (at a speed of 18 knots) of 3,500 miles. The ship carries a crew of 22 officers and 146 non-commissioned officers.

LAK THAI has previously reported on C-801 type Chinese missiles, which use French Exocet technology. These are ground-to-ground guided missiles. There are eight launchers. The ship is also equipped with (twin) 100-mm guns fore and aft, four (twin) 37-mm guns, two antisubmarine missile pods (each having five launchers), a system of deceptive targets, an antisubmarine sonar system, and a control and command system in attacking submarines and carrying on surface and AAA operations.

As for the radar system, the ship has a surveillance radar system, fire-control radar systems for the 100-mm and 37-mm guns, a fire-control radar system for the ground-to-ground missiles, and a ship guidance radar system with "refitter."

The Chaophraya frigates are large ships of great capability. They have AAA, surface combat, and antisubmarine capabilities. In particular, the Navy chose the German MTU diesel engine as the propulsion system. This engine meets the Navy's standards. The engine is easy to use and maintain. This ship can reach a top speed of 30 knots, which is the fastest large surface ship that the Navy has ever had.

In modern naval combat, speed is the main factor in gaining a tactical advantage and in carrying on naval operations. The ship that can get to the operations site first can determine the place of the first battle. And once the battle has been joined, it can use its speed to launch quick attacks and sail away quickly. Today, neighboring countries are seizing Thai fishing boats. Thus, these fast frigates can be used to help fishing boats that have been seized.

Today, helicopters play an important role in naval warfare, and they will become even more important in the future. Today's frigates have helicopter pads so that helicopters can be carried aboard the ships in order to increase capabilities in naval operations. Helicopters can be used to conduct air surveillance, provide advance warning, participate in surface combat, carry on antisubmarine operations, transport forces, gather intelligence, transport things, conduct search and rescue operations, and provide transportation for medical purposes. The Navy realized the importance and necessity of having helicopters abroad its Chaophraya group frigates and so it ordered two frigates to be built with landing pads in place of the 100-mm gun mounts located at the stern of the ship. These will be the Navy's first frigates capable of carrying helicopters on operations.

As for the weapons of the Chaophraya, we provided some initial data above. The details about the weapons systems are very interesting.

The C-801 guided missile system comes with a 352-type fire-control radar system, a fire-control mechanism, and eight launchers located near the middle of the ship. The guided missiles are similar to MM-38 Exocet missiles. These have a range of 40 km. A single missile can destroy a 3,000 ton destroyer. China agreed to transfer all the technology and to help build a maintenance plant within

Thailand. Thus, this is the Navy's first guided missile that the Navy can maintain by itself.

One of the ship's important guns is the 100-mm gun, which comes with a 343-type fire-control radar system. There are two twin 100-mm gun mounts, one at the bow and one at the stern. The last two ships of this group, however, do not have 100-mm guns at the stern, because this has been replaced by a helicopter landing pad. This gun has greater firing power than any other type of 100-mm gun. It has a range of 22.5 km and can fire at a rate of 25 rounds per gun per minute. If the guns on both mounts are fired at the same time, 100 rounds per minute can be fired. This compares with the French 100-mm Crosot-Luar gun, which has a range of only 17.4 km. Moreover, this gun costs less than similar guns produced in the West.

The 37-mm gun is a very interesting gun because of its great capabilities. It comes with a 341-type fire-control radar system. There are four twin mounts, two at the bow and two at the stern. This gun has a range of 10 km and can fire 360-380 rounds per gun per minute. If all the guns are fired at the same time, 1,440-1,520 rounds per minute can be fired. In comparison, 40/70 guns can fire only 300 rounds per minute. Thus, the 37-mm gun has greater fire power. It is effective in intercepting incoming guided missiles just like the close-in weapons system that was designed for use in defending against guided missiles. Besides this, the rounds used are cheap and easy to obtain.

The antisubmarine system is composed of SID-5 sonar and two pods of antisubmarine missiles with five launchers each. These are located at the bow of the ship. The 86-type antisubmarine missiles have a range of 1,200 meters, which is farther than the American Mark-44 and Mark-46 antisubmarine torpedoes, which have a range of approximately 1,000 meters. These can be used against submarines in both deep and shallow waters.

The electronic warfare system is an important system on the Chaophraya and the other frigates in this group. This system includes 923-type surveillance equipment, 981-type jamming equipment, and 945-type equipment to fire deceptive targets, which can fire both radar-reflecting targets and infrared targets. This is the most advanced electronic warfare system ever ordered by the Navy for its ships. This system is just as efficient as those produced in Western countries.

The control and command system, or combat power system, is a ZKJ-3 system, which is similar to the C-31 command control communication and information system. This system uses computers to control things and to receive data from the 354-type surveillance radar. It also has a 651-type identification system, a Decca RM 1290-A ship-guidance radar system, a 923-type electronic signal intercept system, and SID-5 sonar. People can have confidence in these ships with their C-80 antiship guided missiles, 100-mm and 37-mm guns, antisubmarine missiles, and electronic warfare system, which receives and translates signals into images of the tactical situation so that the naval commander can decide which weapon to use depending on the threat.

PRC-Made Shoulder-Fired Missiles*91WC0134B Bangkok LAK THAI in Thai 10-16 Jun 91
p 11*

["M.C. Wan" column]

[Text] Air Chief Marshal [ACM] Kaset Rotchananin, the RTAF CINC [Royal Thai Air Force Commander in Chief], told M.C. Wan that during his mid-May trip to China as a guest of the Chinese Government and Air Force, besides proposing that Thailand purchase F-7M jet fighter aircraft (China demonstrated the capabilities of this aircraft and allowed Thai pilots to test fly the aircraft two years ago), China also asked Thailand to consider purchasing shoulder-fired AAA missiles, that is, the HN-5 A missile. ACM Kaset said that the shoulder-fired AAA missile now in use by Thailand, that is, the English Blow Pipe missile, is approaching the end of its useful life and so we will have to purchase new missiles.

LAK THAI once reported that "Mistral" had proposed selling Matra-type AAA missiles to the Thai Air Force and, at the same time, a missile similar to the Blow Pipe. But a new missile, the Javelin, using more advanced technology was proposed, too.

The Chinese HN-5 [A] missile, which is built by CPNC [expansion unknown], is designed based on the shoulder-fired HN-5 missile. It is a heat-seeking guided missile. It has aiming and control systems that are considered to be very accurate for a missile of this type. It has a very powerful warhead. The weapon is light in weight, which makes it suitable for use by Asians. It can be carried for long distances in all types of terrain. It can be used by infantrymen for AAA purposes. Or it can be used by armored units or paratroopers. The use of this weapon is not complex, and it is easy to maintain. And the important thing is that like other Chinese weapons, it is cheap.

Besides the HN-5 A, ACM Kaset said that China also proposed selling SAM-5 and SAM-7 missiles to Thailand. These types of missiles have firing pads. The RTAF CINC said that he is very interested in these SAM missiles, because in the past our fighter aircraft had to contend with SAM missiles along the Cambodian border and during the Rom Klao fighting.

The Air Force Security Command wants to obtain AAA weapons and deploy them in the AAA Directorate. In particular, there is an urgent need for this shoulder-fired AAA missile.

ECONOMIC**Chamber of Commerce Chief, IPR Stance Profiled***91SE0322A Bangkok SIAM RAT SAPDA WICHAN
in Thai 14-20 Jul 91 pp 18, 19*

["Professional People" column by Wisang Chaka: "2d Lieutenant Prayun Thaloengsi, executive director of the Thai Chamber of Commerce"]

[Text] Very few people are aware of the fact that the executive director of the Thai Chamber of Commerce once served as a second lieutenant in the Army Audit Division. He has also held a variety of jobs in both the public and private sectors, which has given him much valuable experience that he can use in his present position.

Prayun is from Nakhon Sawan. He earned his law degree and a higher diploma (which is the equivalent of a master's degree) in accounting from Thammasat University. During his senior year there, he volunteered for the Army and served with the Army Finance Department. Later on, he served as the head of the Finance Section, 1st King's Guard Artillery Battalion.

"Later on, I resigned my commission. I was studying for my master's degree in law and wanted to pass the bar. I wanted to be a judge. But a friend of mine, Thawon Phonprapha, needed a chief accountant and so he asked me to go to work for him. That was a period when Siam Konkan was expanding. But after awhile, I realized that I still wanted to be a judge and so I resigned in order to complete the work for a master's degree in law and pass the bar," said Prayun to SAPDA WICHAN.

But it seems as if his life's script had already been written. Because after resigning his position at Siam Konkan, he won a scholarship from the Department of Commercial Registration, Ministry of Commerce, to study economics at Queen's University in England. After that, he observed operations at British Ministry of Commerce, focusing on patent management so that he could help implement a patent system in Thailand.

"I returned home around 1962 and went to work for the Department of Commercial Registration. Thus, I never used my master's degree in law or my credentials as a lawyer."

After that, his career progressed very well. He rose to become the director-general of the Department of Commercial Registration, the director-general of the Department of Business Economics, and the director-general of the Insurance Department. His last position before coming to work for the Thai Chamber of Commerce in 1988 was director-general of the Department of Internal Trade.

"The reason why I resigned two years short of retirement was this. I come from a peasant family. None of my relatives are in government service. I was satisfied with what I had accomplished. I didn't stay on, because I was not intoxicated with power. Actually, I had planned to resign before that, but senior people had urged me to stay on."

As the executive director, Prayun can be considered to be the hands and feet of the executive committee of the Thai Chamber of Commerce. He is also involved in technical and operations activities, and he helps coordinate things between the public and private sectors.

"Actually, the work of the Chamber of Commerce is much broader than people realize. But we are limited in terms of our human resources. A director-general has 400-500

people under him. But here, we have only 50-60 people plus another 100 people who inspect goods. Thus, we do as much as we can," said Prayun.

He admitted that the fact that he has worked in both the public and private sectors has helped him greatly in his present work. This is because the Chamber of Commerce, which can be compared to the Ministry of Commerce or the Ministry of Foreign Affairs, helps foster understanding in the public and private business sectors. Because of his great experience, he knows what the public sector and what the private business sector want.

"In this, I have an advantage over those who have worked only in the public sector or only in private business. People in those sectors think differently. But if we understand, we can coordinate their ideas and coordinate the interests of both groups."

Prayun said that in carrying out his present duties, he must use "internal fortitude" in coordinating things between the various factions, particularly units in the public sector. The purpose of this is to enable Thailand's trade system to compete on world markets.

Looking at the role of the public sector, he feels that the bureaucracy must be improved to make it more flexible than it now is.

"In my view, the bureaucracy needs to be improved so that it becomes more efficient. It must cooperate in solving the problems. Bureaucrats still like the system in which people must 'pull strings.' I think that this must stop."

"It must be admitted that in competing against other countries, the private sector has done a lot. It has competed in finding foreign markets. But if the country's economy is to grow, the public sector must provide support on various fronts so that businesses can compete against other countries. The private sector can't do everything by itself. There must be cooperation."

Prayun also said that the views of some government officials are too narrow. They view people in the private sector as people who are interested only in making a profit and exploiting others. He does not agree with this view. The philosophy of those in the private sector is that if you are to make a profit, you must work hard and develop. The duty of the government is to monitor business in the private sector to ensure that they fulfill their duties.

"Even though the present administration, which is composed of people from the business sector, is trying to focus on this, I think that things are moving very slowly. Whenever the private sector suggests something, if government officials don't agree, they simply table the matter. They don't take action or they take steps without consulting people in the private sector. This is a problem."

"As long as they continue to worry that the private sector will exploit things, there will continue to be a lack of cooperation," said the executive director of the Chamber of Commerce.

Amidst all the international trade problems, particularly the trade problems between Thailand and the United States on such issues as intellectual property and patents, particularly drug patents, problems that have grown worse and worse, the views expressed by Prayun are viewed negatively by those who think that the Thai Government is too weak in dealing with the United States. They feel that the units concerned with trade matters often give priority to the interests of Thai merchants rather than the interests of the people of the country.

Prayun is one of those who supports reorganizing the present patent system. He believes that this will promote inventions and the development of new products and processes. He stressed that "this has been my view ever since I was a student in England."

"I served in the government for 30 years. I may have views that differ from those of others. But time will show whose views are suitable. But I don't think that this is a matter of people being right or wrong. It depends on what people look at. If people look at the same point, they will agree. Take Thai-American trade, for example. It must be admitted that American trade markets are quite free. Recently, they have had internal problems. As for the charges that I side with the United States, I don't think that anyone would work for the interests of another country without thinking about his own country. But people may hold different views," said Prayun.

"As for the patent problem, merchants can be divided into two groups. Those who do not produce imitations want things revised so that they can carry on trade and have secure markets. Those who want to copy the goods of others naturally say that revising things is bad. It's only natural that there is a conflict. The government's duty is to make a decision. Businessmen will have to abide by the government's decision. But finding a way out is another matter."

As for his personal life, Prayun has one son and one daughter. Both are attending school in Canada. Prayun likes to read. He said, "I am a book worm." His other hobbies include looking after his house and working in his garden. But he does not like to play golf, which is a very popular sport today.

Drug Specialists Comment on Patent Impact

*91SE0322B Bangkok BAN MUANG in Thai 8 Jul 91
pp 1, 20*

[Excerpt] [passage omitted] Pharmacologist Phayuri Sora-suchat, the director of marketing for the Pfizer Company, and pharmacologist Inthira Khamokwat, the manager of the Drug Section and a member of the executive committee of the Sanofi Company, talked with reporters about the use of drug patents in Thailand. They said that drug patents are recognized universally. Almost every country in the world has accepted this. This is the face of the country. This is different from refusing to accept this and simply copying them. The developed countries feel that this is tantamount to stealing their ideas just like a "pirate."

These two pharmacologists said that there have been rumors to the effect that accepting drug patents will cause drug prices here to rise. They said that that is not true,

because we will recognize only patents on new drugs that have just come on the market. Normally, only about 4 percent of the drugs on the market will be new drugs, and more than 90 percent of these drugs will be used only in medical circles. The more than 90 percent of the drugs sold at drugstores will not be subject to drug patents. "Those who say that drug prices will rise are wrong," said these two pharmacologists.

Phayuri and Inthira said that what is more worrisome is that the factories that produce drugs that are not covered by drug patents will take this opportunity to raise prices, claiming that production costs have risen because of the drug patents. The Food and Drug Administration must take steps to prevent merchants from doing this. Because the fact is, these merchants are not encountering any problems.

POLITICAL

National Party Congress Discusses Regulations

912E0225A Ho Chi Minh City TUOI TRE
in Vietnamese 11 Jul 91 p 2

[Article by Hong Dan: "Party Statutes: Problems Debated and Voted Upon at the Seventh Congress"]

[Text] At the Seventh Party Congress of the Communist Party of Vietnam, during the discussion of the "Report on Party Building and Amending the Party Statutes" and the draft party statutes (amended), the congress delegates concentrated on discussing some principal problems before voting on each topic and on the draft party statutes (amended) as a whole. The following five topics stood out:

With regard to the class nature of the party noted in the introduction to the party statutes, 98.8 percent of the delegates approved the following statement: "The Communist Party of Vietnam is the vanguard unit of the entire nation." With regard to the ideological foundation, the compass for the party's activities, 89.7 percent of the delegates affirmed that "The party makes Marxism-Leninism and the thought of Ho Chi Minh its ideological foundation and compass," while 8.9 percent of the delegates recommended the wording, "The party makes Marxism-Leninism its ideological foundation and compass for action, creatively applies and contributes to developing Marxism-Leninism, and inherits and develops the thought of Ho Chi Minh."

Renovating and Rectifying the Party

All 54 delegations agreed about the task of renovating and rectifying the party during the coming period. Some delegates recommended the following specific emphases and supplements: in the new situation, it is necessary to stress building basic party units and improving the quality of party members; paying special attention to improving the party's intellect; and continually purging party members. The foremost responsibility is to improve the leadership ability and combativeness of party members, and the party members who lead the proletarian class must be even more exemplary.

Cadres must meet standards, and we should not think that any head of a ministry is capable of heading all ministries. In cadre planning it is necessary to ensure that the tasks for the next five years and succeeding years are fulfilled. It is necessary to purify the ranks of cadres with high positions and authority. The cadre policy has changed a great deal recently but little is new. People who are opportunists, are members of factions, are disloyal, or are schemers must be expelled from the party. When the young generation is evaluated, we should not only see the weaknesses but also affirm the good points and strengths of the young Vietnamese generation.

With regard to renovating the party's leadership, how should the special characteristics of a ruling party, the crises in the socialist countries, and how the change-over to a market mechanism affects the party be emphasized?

There must be a mechanism to expand democracy, and formalistic democracy, conservatism, and foot-dragging must be opposed. True democracy in party activities must be guaranteed so that party members can freely express other opinions. The leadership mechanism must consider ways to eliminate arbitrariness and doing others' work for them, and must pay attention to building truly strong state organs, along with developing democracy and respect for the popularly elected organs.

The term "no exploitation" and the matter of "party members doing economic work."

Some 71 percent of the delegates voted to retain the term "no exploitation." As Article 1 of the draft party Statutes stated, "Vietnamese citizens 18 years or older may be considered for admission into the party, if they accept and voluntarily endeavor to carry out the political program and the party statutes, operate in a basic party organization, obey party discipline, be prepared to accept the tasks that are assigned, be exemplary in labor, combat, and study, have a wholesome way of life without exploitation, have knowledge and ability to fulfill party responsibilities, and have close ties to the masses."

The subject of party members engaging in economic work, about which there was seething debate by many party members in the recent first round of party congresses at all levels, was dealt with in detail in the "Report on Party Building." The congress delegates discussed and voted on the following points:

Some 86.2 percent of the delegates voted not to allow party members to engage in the private capitalist economic work because they believed to do so would be exploitation, and 11.6 percent of the delegates voted to allow them to do so. Some 95 percent of the delegates agreed that "party members not employed by party or state organs or mass organizations may engage in individual economic work or be small proprietors, and may organize collective units, bid for contracts, and accept contract work." Some 95 percent of the delegates agreed that "party members may contribute shares to state or collective corporations or enterprises in order to receive legal interest."

The Party Leadership Organ at the Center

A majority of the delegates agreed that there should be a political bureau, a secretariat, and an advisory council, and disagreed that there should be a position of deputy general secretary or that there should be alternate members of the party committees at all levels. As regards election regulations, the Central Executive Committee elects the political bureau and elects the general secretary from among the members of the political bureau, elects the secretariat (except for the committee members assigned to it by the political bureau) and the Central Control Committee. The number of members of the Political Bureau, the Central Secretariat, and the Central Control Committee is determined by the Central Committee.

Only three delegations out of a total of 54 recommended that the position of general secretary be limited to two terms. Two delegations recommended that the positions of

provincial and municipal party committee secretary be limited to two terms, and one delegation recommended that district party committee secretaries be limited to two terms.

Delegate Conferences Between Party Congresses

A majority of delegates voted affirmatively that between two congresses the executive committees of the party organizations at all levels (except at the primary level) will convene delegate conferences. Their composition will include members of the executive committee of the echelon convening the conference (they are automatically delegates and need not be elected by the primary units) and delegates elected by the executive committees of lower echelons. In addition to the work contents, the delegate conferences held between congresses also have the right to participate in supplementary elections or elect additional members of the executive committee.

The party statutes, "the legal code of the party," as they are called by some delegates, have demonstrated their importance by the votes on 24 separate topics and four votes by the congress as a whole, in an atmosphere of democratic debate. The remaining question is how the newly amended party states will enter into the lives of party members and be observed voluntarily by them.

MILITARY

Artillery Branch Commander Interviewed on Training

912E0215A Hanoi *QUAN DOI NHAN DAN THU BAY* in Vietnamese 29 Jun 91 p 2

["Weekly Interview" column by Quang Dau: "Artillery Branch—What Can Be Construed as Realistic Teaching About Traditions? Can Training Equipment Be Improved? What About Economic Construction Activities?"]

[Text] Comrade Major General Nguyen Nam Hong, Commander of the Artillery Branch and delegate to the seventh national party congress, granted us an interview one day in mid-June and gave answers to the above three questions.

Regarding Question 1—The Artillery Branch will be 45 years old on 29 June. A meeting will be held on that day for members of different generations. As already agreed upon, this will be a simple, informal, and happy meeting that is devoid of "rhetorics." It is estimated that nearly 1,000 delegates will be there, and this is a very limited number. This is easy to understand because the Artillery Branch is one of the earliest armed branches of our Army.

The Party Committee and Command of the Artillery Branch pay special attention to the preservation and development of traditions. The lessons of yesterday must remain practical for today and tomorrow. For old tales not to become "lost," they must be written down in an objective, scientific, and careful manner. Recapitulation work is always one step ahead, and we have been doing this on a regular basis. In the two years 1989-90, we published

two volumes recapitulating typical battles and presently, we are compiling a book on the art of conducting artillery campaigns, which may be ready for publication early next year. On the occasion of the Branch's 45th anniversary, the QUAN DOI NHAN DAN Publishing House has just released a nearly 400 page book on the history of the Artillery Branch.

As for your question about the results of teaching about traditions, it is very difficult to give a specific answer. Through classes and cultural and artistic activities organized by the various units, new soldiers will gradually absorb traditions. It should be said further that teaching about traditions is also part of field training. For instance, the Artillery Officers' School recently held an extended field exercise. Instead of calling a party committee or chapter meeting every hour to formally build "awareness," we built sand tables and discussed battle plans right over the sand tables. During the anti-U.S. war of resistance, we did this before every battle. This is how realistic traditions have been formed for today.

Regarding Question 2—Costly expenses are unavoidable while training artillerymen to use modern weapons. Nevertheless, there are ways to reduce expenses through the improvement of teaching materials and equipment. However, it is easier said than done. It is encouraging that lately, the entire branch has initiated a fairly broad and deep movement to actively improve technical equipment and this has resulted in many useful applications that won praises and awards from the ministry.

(At this point, we interrupted the comrade commander, asking him whether it would be a breach of security if we discussed those improvements made in the course of training. The comrade replied, smiling: "Is it not true that radio stations and newspapers have already dealt with subjects of this nature?")

In this case, we have learned from experience: since it is difficult for units to carry out sample projects after a study is initiated, we have now adopted a new procedure under which units are invited to attend training sessions after a study project has been concluded, then they will go back, taking with them the improved equipment for use.

The most notable improvement that has been made is the introduction of reuseable mortar rounds for artillery firing practice. It cost 15,000-20,000 dong to fire each artillery shell; but now, thanks to multiple use, firing expense stands at only 200 dong per round. Mortar shells explode upon impact, releasing smoke and fiery sparks to ensure visibility both day and night. This type of reuseable training artillery shells has been enthusiastically welcomed by the basic units.

There is another improvement which, though quite simple, is of great economic significance. It involves lighting equipment for nighttime training. Along with using manually-cranked generators to operate many light bulbs at one time, we have developed the use of oil lamps with our equipment for lighting purposes. This innovation has been

applied successfully, and for this, we have recently received a cash award of 500,000 dong from the ministry.

We have also coordinated with the Military Technology Institute and the Army Computer Center in improving the artillery command computer; and this project is well underway.

In sum, although it seems that no further improvements could be made upon well-established training procedures, we still can, by bringing intelligence into play, find new solutions aimed at raising the quality of training and at the same time, reducing expenses on behalf of the state and the army.

Regarding Question 3—During the years 1983-88, artillerymen were quite active in the field of economic construction, engaging in such activities as coal extraction, producing building materials and paper pulp.... Those years brought about certain results which helped supplement the limited training budgetary appropriations allotted by the higher echelons and at the same time, enabled the various units to improve the material living conditions of cadres and soldiers. Those three story buildings of the branch, which you see here were all built with the proceeds we earned from our economic construction activities. In 1989, as instructed by the ministry, we turned over our coal extraction unit to the 12th Corps [binh doan]. Since then, we have maintained an economic component element to work on rock and sand quarries and to provide sea transportation services. This component has been bringing in a profit ranging from 150 to 200 million dong a year, just enough to help us make ends meet. It is thanks to this source of income that we have, on many occasions, been able to go ahead with our various combat readiness and combat support programs. For instance, we recently had to build two large warehouses. Although the fund allocated by the ministry was not yet available, we used 160 million dong of our own as a temporary advance to start the project on schedule. We have also improved the troops' cultural life and morale by earmarking part of the profit realized through economic construction activities to purchase color television sets, video cassette players, and radio cassette players as prizes for outstanding units. Therefore, it is not entirely correct to say that we have stopped making headway in the field of economic construction. Carrying out economic construction activities in accordance with the law and army regulations to help partially meet the state's budgetary burden is a correct and realistic policy. The Artillery Branch will strive to make many new and even better renovations in this regard.

ECONOMIC

National Economic Achievements Cited

912E0223B Hanoi HANOI MOI in Vietnamese
24 Jun 91 p 1

[Article: "Principal Economic Accomplishments"]

[Text] After nearly five years of implementing the resolution of the sixth party congress:

Total social product during the 1986-1990 five-year period increased an average of 4.8 percent (in 1990 it increased 2.9 percent over 1989).

The national income increased 3.6 percent (in 1990 it increased 2.4 percent over 1989).

The total value of agricultural production increased 3.5 percent and in 1990 grain production in paddy equivalent was 21,541,000 tons, an increase of 3,161,900 tons over 1986. Of that amount, rice production amounted to 19,141,000 tons, an increase of 3 million tons over 1986. In 1990 the per-capita grain production was 325.4 kilograms (an increase of 25 kilograms over 1986). In 1986 it was necessary to import 450,000 tons of rice, but in 1990 we stockpiled or exported 1.5 million tons.

In 1990 the newly planted rubber area amounted to 11,000 hectares. We harvested and processed 48,000 tons of rubber latex, 30,000 tons of which were exported.

With regard to animal husbandry, in 1990 there were 928,700 water buffaloes (an increase of 271,000); 281,700 cattle (an increase of 498,200); and 12,583,000 hogs (an increase of 787,100).

In 1990 marine products output totalled 1,019,000 tons and the marine products export index was \$205 million.

The total value of industrial production (1986-1990) increased an average of 6.2 percent (in 1990 it increased 4.5 percent). Consumer goods are plentiful, varied, and easily purchased. Many types of essential industrial products increased notably.

In 1990 electricity production amounted to 9.053 billion KWh (an increase of nearly 3.4 billion KWh over 1986).

Cement production amounted to 2,455,000 tons (an increase of 1 million tons).

In 1990 2.7 million tons of crude oil were produced (between 1987 and 1990 five million tons of crude oil were produced for export).

There has taken form a number of promising production sectors, such as oil and gas, the export clothing contracting industry, the electronic goods assembly industry, shrimp raising and processing, and some types of services that have just been formed to support the commodity economy.

Many key installations have been brought into use and have increased production capability, such as the Hoa Binh and Tri An hydroelectric plants, the expansion of the Ha Tien cement mill, etc., along with many oil-gas drilling rigs, hundreds of electricity transformer stations, and thousands of kilometers of electricity transmission lines.

The external economy developed rapidly and the export index was 1.090 billion rubles and \$170 million in 1990, the excess of imports over exports was reduced, and exports and imports have nearly been brought into balance.

Permits have been issued for more than 200 foreign investment projects, with capital of nearly 1.7 billion dollars.

The three economic programs of the Sixth Congress—grain, food products, and consumer and export goods—were implemented effectively, there were positive transformations in regulating the investment structure, rearranging the economic structure, and a large amount of capital was raised from the people and some from foreign countries.

Gold Price, Dollar Rate Affect Economy

Gold Price, Dollar Rate Floating

912E0229A Ho Chi Minh City TUOI TRE
in Vietnamese 25 Jul 91 pp 1, 5

[Article by Bao Vinh: "For How Long Are Gold Price and Dollar Rate Allowed To Float?"]

[Text] It never happened as it has happened this time: Gold price and dollar rate both skyrocketed "together" within a short period of time. A week ago, on 17 July, in spite of a continued increase, the prices of the "four 9's" gold and ring gold remained at the 424,000 dong/chi (chi = 1/10 of a tael or 37.5 grams) and 402,000 dong/chi levels, respectively, while dollars were bought at the rate of 9,230 dong/dollar. But at noon on 24 July, the prices of "four 9's" and ring gold rose to 456,000 dong/chi (an increase of 32,000 dong) and 430,000 dong/chi (an increase of 28,000 dong), respectively, and U.S. dollars reached the rate of 9,850 dong/dollar (an increase of 620 dong/dollar). Prices increased everyday, in chaotic convulsions. On 24 July (perhaps it was not the peak day), prices rose every hour, with increases varying in different areas. In the morning, the price of ingot gold was 445,000 dong/chi (within three hours it increased by 11,000 dong/chi), and the dollar rate still was 9,700 dong/dollar (but increased by 150 dong/dollar in three hours). In that same morning, dollars suddenly disappeared on the black market; the "small deal" money-changers were looking everywhere for sellers but found absolutely nobody. The reason was that gang leaders set prices but did not sell their dollars, and only collected "escaped" dollars for themselves.

As we tried to understand what had happened, we learned that the rumors about "changing money, printing of more money in larger denominations" had become a feverish action. At the Municipal State Bank, Deputy Director Do Xuan Du made an affirmative statement to us: "No money is going to be changed—that is just a false rumor because Vietnam State Bank Deputy Governor Do Que Luong has already given a reply to Vietnam News Agency on the matter. And at present, the bank is not going to issue new denominations (the 10,000-dong and 50,000-dong denominations according to these rumors). You remember that if new money is issued, we at the bank will notify the people through the information and press network to let them know about it."

And so it is very clear that there will not be any changing of money and issuing of new money, but people remain confused and anxious because of false rumors. A number of people bought gold and even obtained foreign currencies through exchanging for them in order to keep them as a safety move. A cadre of the municipal corporation that deals in gold and silver assured us that because a number of gang leaders had returned to the municipality from the border provinces to buy all of the gold and dollars available to satisfy the needs of the Cambodian market, the prices on 24 July rose to such high levels, but the corporation still maintained its sales in the last few days, which amounted to 70-80 taels of ring gold a day. This corporation is actively producing more ring gold for the people to buy with the dong currency, or supplying ingot gold in unlimited quantities to the units that are paid with foreign currencies when they do work on contract. The director of the Gold and Silver Corporation of the Municipal Bank of Industry and Commerce also told us that his corporation has enough gold to sell to the people in the form of leaf gold like the Kim Thanh gold in the past. And so, for the time being, the units that have their gold import quotas all are capable of fully supplying the market with ingot and ring gold. But at present, because of the fact that the gold dealers, gang leaders dealing in gold and dollars, and district state stores doing business in gold and silver still refuse to give up lots of their goods while "waiting and seeing (how) prices (change)," the market pressure on the people's psychology remains high. What is especially noteworthy is the fact that compared to the beginning of the week, the world gold price is dropping by another US\$3/ troy ounce. Therefore, we can conclude that the skyrocketing prices in the last few days were caused by gangs of speculators who are trying to create business opportunities for themselves by pushing dollar rate and gold price "both together."

But what deserves mentioning is that the state-operated corporations and state stores, which currently still hold a greater retail share (they hold larger quantities of gold) and the entire wholesale market, cannot as yet "agree with one another and jointly act" to issue a specific quantity of gold to control the gold demand level and to reduce the dollar rate fever. Until when will gold price and dollar rate remain floated?

Production Difficulties Seen

912E0229B Ho Chi Minh City TUOI TRE
in Vietnamese 27 Jul 91 pp 1, 4

[Article by the Economic Reporters' Group: "Increases of Gold Price, Dollar Rate Make Production More Difficult"]

[Text] Market is unstable.

In the morning of 26 July, the price of 96 percent gold on the market dropped to about 426,000-430,000 dong/chi (selling price). The price of ingot gold remained at the level of the previous day, 452,000 dong/chi. In the meantime, the dollar rate went down a little bit, to 9,800 dong/US dollar (buying rate).

A gold dealer in Binh Tay Market told us that on 24 and 25 July 1991, gold prices suddenly changed; a number of people having bank accounts or having cash at home began to buy gold because they were afraid that their money would lose its value. In Ban Co Market, in the afternoon of 24 July, a number of gold dealers raised the selling price of gold to 438,000 dong/chi.

The prices of such items as pork, milk, sugar, and so on, which had risen in the previous day or two, remained the same. The price of monosodium glutamate particularly began to drop, like Ajinomoto (Indonesian product) which decreased by 300 dong, down to 9,300 dong/package. In Binh Tay Market, the sales of monosodium glutamate, which were about 1,000 tons a day, neither increased nor decreased lately.

In the meantime, the prices of Dalat produce, such as cabbage, carrot, cauliflower, potato, and so on, rose slightly, by about 200-300 dong/kg. Although rice was brought into Tran Chanh Chieu Market at the same rate, its wholesale price rose by 50-70 dong/kg; however, its selling prices remained the same because of slow purchasing power and a large volume of rice reserve.

As prices of raw materials rise, some production sectors slow down.

In the last few days, the market of raw materials needed for production began to become unstable. Prices of many items suddenly increased, such as "peco" spun thread rising from 18,000 dong/kg to 20,000 dong/kg; iron and steel, from 3,700 to 4,100 dong/kg; PEHD granules, from 9,200 to nearly 11,000 dong; chemicals of various kinds, by more than 10 percent, and so on. And goods suddenly became scarce. In the morning of 25 July, a cadre of the Plastic State Enterprise 7, who walked around to compare prices of granules, said that many stores had given him this answer: "We have run out of granules." In Kim Bien Market, very little amounts of chemicals like dyes, bleach, and detergent were made available to well-known customers. The silk thread market in Subward 11, Tan Binh, was virtually empty in spite of the fact that a few days before the counters had had plenty of "peco" spun thread and synthetic thread. The mills that manufacture "peco" thread a few days ago had had a hard time to find customers for its product, but now buyers had to come to their offices to place orders. The signs that goods were being kept from buyers while dealers watched the movement of prices were obvious at the stores selling imported raw materials.

The unstable raw materials market did affect the production sector. Many items, which were being produced in a profitable manner, now incurred no losses and no profits, or just losses. The prices of plastic granules currently have become equal to those of finished plastic products. The hand-made silk materials incurred losses of hundreds of dong per meter; laundry detergent, about 500 dong/kg. Furthermore, as raw materials became harder to buy, producers have been forced to reduce their production. This fact will be easily seen when we visit the village in the 10th Precinct where aluminum items are made and the

Phu Tho production center, where the atmosphere has become quiet, a contrast to the quickened pace of production just a few days before. The various kinds of silk materials and of materials used to make men's slacks have been being put into storehouses because sales have been very slow, but now there are people who are interested in buying them at prices hundreds of dong per meter higher than before. However, producers still are reluctant to sell them because they are afraid that they will be "holding money" while prices of raw materials are increasing and raw materials are getting more scarce.

People have put less money in savings accounts.

With the rate of interest having just gone down and with gold prices going up, in the last few days the amounts of money put into savings accounts were much less than those savings made prior to 11 July. At present, the Municipal Bank of Industry and Commerce receives about 70 million dong a day, compared to 1.1 billion dong collected each day in the first 10 days of July. The Bank of Agriculture now receives each day about 20 million dong less. The Saigon Bank of Industry and Commerce, between 11 July and 20 July, received about 500 million dong less. Credit cooperatives also receive about 2-12 million dong a day, compared to 20-30 million dong before. For a week, the number of people who made savings deposits sharply decreased and there appeared a common scene at the banks where those who came to deposit savings were fewer than those who came to withdraw money from their accounts. As of 25 July, the Municipal Bank of Industry and Commerce found that its capital had decreased by 1 billion dong compared to its capital on 22 July. Currently, the amounts of no-time-limit savings deposited at the banks are decreasing sharply because people have been withdrawing money from their accounts for their shopping.

State-Run Economy Noted at Party Congresses

912E0198A Hanoi NHAN DAN in Vietnamese
31 May 91 p 3

[Article by Le Huyen Thong: "Through Countrywide Party Congresses at All Levels (Round One), How Is the State-Run Economy and How Are the Solutions?"]

[Text] This question has been discussed by many representatives in party congresses at all levels from Ho Chi Minh City, Haiphong, Da Nang, Nam Dinh, Can Tho, and many other provinces. The Army-wide party congress and central public security congress also cited the urgency of reordering and boosting the effectiveness of the state-run economy. Many views hold that the shift to a market structure must increasingly be concerned with strengthening and improving the critical role of the state-run economy in a number of key areas and sectors. This is because every political system must have its own economic tools to ensure the orientation for the socioeconomic growth of the state. The state-run economy is the most important tool for keeping the entire domestic economy operating in the proper direction.

The party congress for the Central Economic and Agriculture Bloc emphasized to our country that agriculture continues to be considered the prime front. This demands the vigorous development of industry to make agriculture attain a high rate of development and create large sources of accumulation. The market economy increasingly demands vigorous development of industry in the countryside aimed toward expanding the division of labor, creating more jobs, improving daily life, and gradually reducing farm labor. Thus, we must pay increasing attention to the state-run economy, especially key development of a number of industrial sectors that produce the means of production and areas belonging to the infrastructure, including priority development of electric power.

A Question Raised

Many representatives in the Ho Chi Minh City party congress affirmed that many state-run enterprises have adapted to the market economy, have a good rate of development, satisfactorily perform the obligation of contributing to state funds, ensure jobs and livelihood for laborers, and maintain the guiding position in business relations and joint enterprise with other economic elements.

However, a real concern is that many state-run installations do not have enough time to adapt to the market structure. Many enterprises, especially in wards, districts, and provinces, are operating at a loss. In many sectors, enterprises are revealing that the material and technical base was previously set up at variance with and unconnected to the market. Many enterprises hold capital jointly.

Discussing this problem, there are two different types of views represented first of all in the viewpoint toward the state-run economy. A number of representatives assert that we must accede to the "privatization" of the ownership system having shifted to the market structure. Otherwise, it will be difficult to strengthen the economy.

Disagreeing with this argument, many hold that if "privatization" of ownership spreads thin, in essence, this is the abolition of the state-run economy and the collective economy, i.e., the abandonment of the socialist path. Representatives in the party congresses for Ho Chi Minh City, Haiphong, and the central agency bloc ideologically are not in sympathy with "privatization" of ownership in entirety, but are also not supportive of maintaining the state-run economy encompassing every area with low productivity and quality. In reality, the tendency to neglect as well as the tendency to make the guiding role of the state-run economy the development of any sector at any price extend the state subsidies structure, are not consistent with the market structure, and increasingly prolong delay. Party congresses at all levels were unanimous that the state-run economy must be strengthened and developed in key sectors and areas, in vital businesses, and in effective ventures. This is also the mirror in terms of productivity and quality and is the backbone linking and

helping other elements of the economy. Some representatives raised the question: The "worries" about rice, gasoline, cement, and fertilizer recently will bring what dire consequences if there is no state-run economy holding a key position?

Where To Begin?

Alongside many state-run enterprises that are operating capably and effectively, there are also not so few installations that are in danger of bankruptcy. There were many analyses of the reasons for this. This is because the ranks of management cadres, first of all the directors, are confused about the new structure, some are deceived, and some are even corrupt or are taking advantage of the structure's loopholes to enrich themselves unjustly. There also are not so few directors who are overwhelmed and whose management style bears the seal of state subsidies. Units operating at a loss frequently lack business capital, techniques are backward, markets are shrinking, labor is in excess, products are piling up because of low quality, models and appearance are humdrum, along with fierce competition from foreign goods smuggled in.

Many feel that another important reason is that the state still lacks regulatory tools and that the new structure is inconsistent and lacks unity at a time when the market is changing and complex.

Many representatives in the party congresses of Ho Chi Minh City, Da Nang, Can Tho, Vinh, etc., criticized a number of policies concerning finance, banking, and taxes which, in reality, are creating obstacles to the operation of the state-run economy. Banks do not satisfy capital and currency circulation needs.

A number of other views again emphasized that initial changes in the financial and banking sectors over the past two years had the effect of contributing importantly to forestalling inflation, stabilizing the buying power of money, and creating opportunity for the state-run economic sector to diligently follow the market structure. This result is just the initial step. The urgent issue presently is to basically change the system of policies and the state-run financial structure with a view toward mobilizing sources of capital and ensuring its effective distribution and use, especially repayment investments for installations that are operating diligently. Prepare to push formation of capital markets and currency markets. The state is the chief owner and carries out that authority through the legal system in conjunction with strictly carrying out the system of inspections and controls.

The shift to a market economy increasingly demands urgently reordering state-run enterprises. State-run commerce also needs to be quickly straightened out. Organize trading companies and important merchandise sectors, and ensure circulation of goods and price order country-wide. The state is forming and expanding markets for goods, material, services, etc. Expand markets for craft goods and consider them to be a special type of goods. Be extremely mindful of putting centers for import-export organizations in order and reestablishing discipline in this area.

Through discussion about solutions for the state-run economy, many views emphasized that when expanding authority to actively produce business for installations the system of responsibility is not clearly defined. The existing structure does not clearly stipulate the state's ownership right with its status as chief owner of state-run enterprises. Instead, it puts collectives of cadres and workers in enterprises at the head as directors. Such stipulations clearly make the authority to use and to manage of the director at the enterprise identical to the state's chief ownership right. This leads to many negative consequences. Many enterprises still sell all their property to divide up and barter, with no profits left to pay to the state budget.

The solution proposed initially is for the socialist state that manages the state-run economy to mobilize adherence to the market structure with what meaning and by what tools? Many representatives suggest changing macrocosmic management policies, making it possible for the state-run economy—production, circulation and service—to surge forward to meet the needs of the market economy. They suggest that the state soon enact state business laws, labor laws, and bankruptcy laws and, especially, urgently amend and revise policies and systems about managing capital, protecting domestic goods, writing off property, and depreciating fixed property, the wage and bonus distribution system, and the obligation of enterprises to the state budget. We should define by law the function and responsibility of ministries and sectors of the central economy to avoid interference in the business of installations. We should decentralize responsibility between the central government and the localities, and ensure direction of economic activities in accordance with the unified market structure countrywide.

New Requirement for Directors and Party Committee Secretaries

Many representatives hold the view that ranks of management cadres of the state-run economy in our country are virtually all trained in the system of the old structure. Consequently, it is hard to avoid unfamiliar and unsuitable situations when shifting to the market economy. Recent investigations in 4,584 enterprises indicate that 2,000 are operating at a loss first of all because the directors are unqualified and do not have the management capabilities to mobilize adherence to the market structure. Our country still lacks many skilled businessmen, capable technicians, and cadres experienced in businesses run on money.

Through reality, we are realizing more and more that business according to the market structure does not tolerate liberal expenditures. Every dong taken from the enterprises' account for expenses must have a clear purpose, yield profits, and be effective. And, when accepting the market structure, the director must forecast all situations and be ready to come to grips with any misfortune. The director has a very important role in improving the effectiveness of the state-run economy, especially when the state is carrying out the system of turning over capital and extending business self-ownership authority to installations.

Many views suggested that the party soon have state programs and provide advanced training and retraining for ranks of enterprise and corporation directors to satisfy the market structure. So far, the state does not have an adequate document stipulating the functions, authorities and standards of directors. Thus, it is hard to correctly assess the capabilities of directors in the new structure. Ranks of party committee secretaries of enterprises and corporations should also receive training and advanced training to have intellectual capabilities and firm political abilities so as to contribute together with directors to developing the effectiveness of the state-run economy in grass-roots units.

In conjunction with strengthening the training and advanced training of management cadres, be extremely mindful of satisfactorily resolving the relationship between the party committee secretary and the director of enterprises and business corporations. This is a question many party organizations discussed. Some feel that for a long time, due to the party's leadership procedure being slow to change, there has been no good resolution of the relationship between the party committee secretary and the enterprise director in changing the management structure. In many places these two central people are seldom closely bound to one another. There are even some inherently deficient enterprises that are increasingly in turmoil because they turn their backs on each other and cope by their own "personal power." There are deficient conditions that are due to the structure's and policies' loopholes and disagreements. For example, stipulation 48 from the Central Committee's Secretariat and Decision 217 from the Council of Ministers are at variance on cadres in enterprises. According to stipulation 48, cadre work must be decided by the party committee collective and implemented by the responsible director by means of government orders. According to Decision 217 on cadre work, however, the party committee only has the responsibility to be involved in the opinion as decided by the director. Consequently, it is very difficult for the installations to use. There are many cases that have led to conflict between the party committee secretary and the director of the enterprise. Many representatives feel that, according to Decision 217, the role of the party organization in the enterprise's cadre work is dependent on the director's "good will."

We could recount many such cases of disagreement here. This demands that we increasingly improve the role and effectiveness of the state-run economy in conjunction with being even more concerned about building the party in enterprises.

State Commission Chairman on Investment Market

*91E0227B Ho Chi Minh City TUOI TRE
in Vietnamese 25 Jul 91 p 3*

[Interview with Dau Ngoc Xuan, chairman of the State Cooperation and Investment Commission, by Kim Phi in Ho Chi Minh City; date not given: "Vietnamese Investment Market Is Taking Shape"]

[Text] [Kim Phi] The investment law has existed for three years. Can we now talk about the creation of an investment market?

[Xuan] After a long time of "closed door," investment remains a very new field for us. But in the last three years, an investment market has gradually taken shape in our country; we have moved more slowly in comparison with many neighboring countries, such as China, where such a market has existed for 13 years, and Indonesia and Thailand, 25-30 years. The foreign companies that have come to our country to do business in the last three years still want to explore and are far from doing big business right away.

[Kim Phi] However, can we still evaluate any initial results?

[Xuan] A country that wants other people to pay attention to it always tries to make itself more attractive—it's the same for any country. After the investment law was promulgated, our state has issued 53 documents containing 900 specific articles to guide investors more actively toward implementing it. As they are interested in investing capital in the private sector, we also submit to the National Assembly the documents on implementing this law. The National Assembly will be discussing a series of bills, which include the bill on bankruptcy, in order to supplement investment activities.

However, the same things that have long been considered Vietnam's strengths, such as rich resources, cheap labor, stable political situation, and so on, also have been cited by other countries like China, India, Thailand, and so on to attract foreign investment into their own countries. For instance, China has revised its investment law five times and Thailand has recently changed the investment conditions that it had set, each time to make it more attractive. China has increased the land leasing period to 20 years, just like the period applicable in our country, but Thailand wants to sell land to foreign companies instead. Labor in China is also cheap, certainly at least as cheap as that in Vietnam.

Even with this background, the State Cooperation and Investment Commission has so far issued 280 foreign investment permits involving a total capital of 2.1 billion dollars. Sixty-two percent of this capital is now active and consists of projects having to do with finding, exploration, and extraction of oil and gas; international telecommunications; and production and processing of export goods—the latter being the most effective activity. The speed of investment has also been increased, with permits issued for projects in 1989 being increased by 50 percent over 1988; in 1990, by 50 percent over 1989; and in the first half of 1991, equal to the whole year of 1990. Since the middle of 1990, well-known groups of companies have appeared, with large-scale projects being involved.

[Kim Phi] As we talk about cooperation and investment, we talk about international relations. How do we handle this matter?

[Xuan] Nations and peoples have their own historical relations and political systems, but when they deal with one another in business relations, they should not impose improper things on one another. For some time, the policy of our state is to do business with the outside world in accordance with international rules and customs. This has been accepted by many foreign businessmen, who like very much to see stability in Vietnam so they can do business, because for them the most necessary thing is to make profit. For instance, in the project involving construction of an oil refinery there are as many as 17 foreign companies in Britain, Canada, Holland, Japan, and so on having submitted their projects for bidding purposes, with the U.S. trade embargo remaining in the background. We will select a plan that is the most favorable one among those projects.

The fact that the U.S. trade embargo against Vietnam continues does harm not only to Vietnam but also to American companies.

[Kim Phi] We have tried to attract investment, but as many foreign investors have noted, are they not satisfied yet?

[Xuan] The reality is that many "troubles" have appeared and that we still do not have a good investment environment to attract foreign businessmen and investors. Although the investment law and the guidelines issued in connection with this law are quite clear, their implementation for instance remains a matter of personal convenience; each sector and each locality would apply them differently because our management echelons and businessmen have not "learned by heart" the guideline lessons yet. Our administrative procedures are very cumbersome and troublesome, while managerial efficiency is poor because management is loose. Investors would need at least from six months to a year just to complete such procedural requirements as applying for a visa to enter Vietnam, exploring the fields of investment, selecting work partners, drafting projects, opening offices, registering seals, hiring workers, and so on. The most serious shortage on our part is that of capable and suitable cadres to work as partners of foreigners. There have been many local projects being bankrupt. Some localities have considered the joint enterprises we have with foreign countries our own state enterprises. Now in the field of investment services, although the state allows only six units to provide such services, there actually are hundreds of secretly-operating installations, which we cannot control merely because they are so numerous. These illegal services cause the most trouble for foreigners. Let me give you an example: A service agency providing "introductory" service to foreigners currently collects 1,000 dollars for a meeting with a cabinet minister and 1,500 dollars for one with a vice chairman of the Council of Ministers. Foreigners always have doubts on their mind!

In the meantime, as we are waiting for the State Cooperation and Investment Commission to finish a final review and to recommend to the higher echelons the ways to simplify the investment procedures, we have organized a

Center for Investment Contacts to assist foreign investors in getting the needed information and to provide them with guidance in connection with the investment measures and procedures, as well as to introduce them to suitable work partners.

Solution To Capital Shortage Suggested

912E0208A Ho Chi Minh City THOI BAO KINH TE
SAIGON in Vietnamese 6-12 Jun 91 p 14

[Article by Nguyen Ngoc Ho]

[Text] The debt situation of the corporations and enterprises in the city and of the units outside the city at the end of 1990 signaled financial difficulties for 1991. Even though there have been many debates and even though a Local Debt Payment Department and a Central Debt Department have been established, the problem has not been solved. The Council of Ministers has required the units to pay all their debts by the end of 1991. But how can these debts, which are like a vicious circle, be paid when the production and commercial units are taking things easy and a number of important [units] are on the verge of bankruptcy?

The main reason is that the production and commercial units lack capital. They don't have sufficient capital to purchase materials, raw materials, or commodities. This is particularly true in the import-export sector. Recently, the price of materials and raw materials has increased rapidly, and this has further reduced the capital capabilities of the corporations and enterprises.

Production has come to a standstill, and business is slow in both the state and private sectors. Many business households in the trade centers, at the central market, and at the retail markets have temporarily closed their doors or taken to the sidewalks because of the rapid decline in business.

The strength of the masses has declined greatly for two reasons. One is that consumer goods prices have increased rapidly. The second is that the number of people who are unemployed or who do not have sufficient work is increasing, because a number of enterprises have had to cease operations or contract. But those still employed do not have enough work to do. The three interest funds, meal funds, and division of profits funds have either declined or gone out of existence.

Large numbers of sidewalk coffee stalls have sprouted up, but this is not a sign that business is good. Rather, these people have nothing else to do while waiting. Almost all of their customers are unemployed soldiers. They drink a cup of coffee and sit around chatting, waiting for a chance to find work.

In 1991, commodity transport declined 42 percent, and [commodity] turnover declined 52 percent. Passenger transport declined 46 percent, and turnover declined 42 percent. (Municipal Statistical Branch)

During the above period, state commerce declined 33 percent, and exports declined 18 percent, with all types of goods except marine products showing a decline. Imports declined 15 percent.

In the face of this difficult situation, is there a way out for the production and business units? Regardless of what is done, this must also increase the buying power of the masses in order to reduce the large inventory of commodities now stagnating in the warehouses.

John M. Keynes discussed this economic situation in his famous book *The General Theory of Employment, Interest and Money* (1936). At a time when the equipment capacity of the plants is not being fully used and people are unemployed, the state must revive the economy by pumping money into the economy, such as by repaving the streets, building roads, and hiring people to do various tasks in order to create jobs, increase the buying power of the masses, and stimulate production.

As for the economy of our country in general and of our city in particular, from where can we obtain the capital needed to stimulate production and business at a time when there is a severe budget deficit?

In other countries, whenever the government has a budget deficit, it must borrow from the central bank. Later on, when revenues increase, they repay the bank. This does not have much of an effect on inflation.

In my view, the state can implement the following measures:

1. If enterprises are suffering losses and can't recover, they should soon be disbanded or sold to people in the private sector in order to obtain capital for the remaining units. Hesitating won't, unfortunately, help anyone but will just create difficulties for everyone.
2. Restaurants that have suffered losses for many years, empty movie theaters, and transport units that can't recover should be disbanded.
3. In the case of the fixed assets of the state that are expensive to maintain and that are now declining greatly, keeping them will only harm the budget and so they should be sold to the people.

The above means won't, however, satisfy the city's need for approximately 300 billion dong, or perhaps the above measures need time. But the need for capital to restore production and business is now very urgent.

Because of this, we must borrow money from the central bank. Some people worry that bringing in capital at this time will be like pouring water into a bottomless bucket and will just be a waste of money.

Careful decisions must be made concerning making interest-free loans:

1. The interest-free loans must be used to carry on regular production and business operations, not to invest in new risky ventures.

2. Production and commercial units that want to borrow capital must have a clear business plan and guarantee profits of 5 percent or higher. This liquid capital must be used for production and business. The money must not be used for capital construction or equipment.

3. Payments on the loan will not start for three to six months.

4. Payment periods will range from 10-20 months, meaning that each month, the borrower must pay back 5-10 percent of the principal.

The state can borrow money from the central bank for a maximum of 26 months. In reality, beginning with the fourth month it will gradually begin repaying the money, with the final payment made 20 months later.

Thus, the capital recovery potential will be very high, losses will be small, and this will have little effect on inflation.

The state cannot sit by idly and allow the economy to deteriorate without implementing measures. And it cannot worry about the units using the capital ineffectively, using that as an excuse not to allocate funds. Even though large amounts of capital will be issued, this should increase production and business, create additional revenues for society, and strengthen buying power for the markets in order to stimulate the economy.

Statistical Data From Trade Journal

91P3074A Hanoi VIETNAM FOREIGN TRADE
in English Feb 91 pp 21-23

[Text]

Gross Social Product (in actual price)

	Million dong				
	1980	1986	1988	1989	1990
GROSS SOCIAL PRODUCT					
TOTAL	218070	333399	374196	381497	392665
Industry	84050	139330	166186	162062	169355
Construction	14200	17160	17907	18536	19182
Agriculture	86800	122540	128657	138268	139996
Forestry	240	11700	14004	14543	14952
Transport and Communication	4670	7600	7879	7337	7658
Trade, Material Supply	25630	34328	36573	37722	38507
Others	2480	2829	2990	2999	3014
NATIONAL INCOME					
TOTAL	120130	174789	188874	194012	198747
Industry	31270	48420	56033	54739	57191
Construction	4430	5010	5104	5246	5467
Agriculture	61330	84580	86511	91976	93069
Forestry	200	7836	9340	9703	9990
Transport and Communication	2190	3130	3481	3248	3387
Trade, Material Supply	18400	23400	25802	26495	27025
Others	2340	2413	2603	2605	2618

Major Industrial Products

	1980	1986	1988	1989	1990
Electric Power (mil. kwh)	3627.2	5683.0	6954.8	7948.4	9053.4
Coal (mil. tons)	5.2	6.4	6.8	3.8/4.2	
Steel (thous. tons)	60.3	64.4	74.1	84.5	101.5
Chromite Ore (thous. tons)	9.1	3.2	2.6	4.0	
Metalworking Machine Tools (unit)	987	1090	1115	928	730
"Lotus" Tractor 12 cv (unit)	1600	1200	2203	330	250
Electric Rotating Engines (thous. units)	15.1	15.1	19.8	11.9	9.9

Major Industrial Products (Continued)

	1980	1986	1988	1989	1990
Transformer (pieces)	575	447	880	1648	2300
Water Pumps (unit)	1496	850	1336	1357	
Rice Mills (unit)	476	1302	1209	859	800
Railway Carriages (unit)	28	14	40	35	
Chemical Fertilizer (thous. tons)	360.3	515.8	501.5	373.0	326.6
Insecticides (thous. tons)	8.2	6.8	13.0	4.8	6.7
Cement (thous. tons)	632.9	1525.8	1953.8	2087.6	2545.5
Bricks (mil. pieces)	2297.2	3282.7	3806.9	3518.7	3566.5
Bicycle (thous. units)	137.1	263.1	286.1	114.9	108.0
Electric Fans (thous. units)	137.6	209.6	300.6	217.0	185.3
Glass and Glass Products (thous. tons)	40.9	53.9	53.0	51.3	52.0
Porcelain (mil. pieces)	100.6	184.2	207.7	133.7	132.0
Papers (thous. tons)	48.5	89.6	88.0	65.8	77.7
Seafish (thous. tons)	398.7	563.4	629.1	683.2	691.0
Sugar (thous. tons)	166.9	345.9	366.0	375.5	375.9
Tea (thous. tons)	19.2	21.5	24.1	24.5	26.1
Textile Fibre (thous. tons)	29.3	52.4	62.0	56.4	58.6
Fabrics of All Kinds (mil. metre)	179.2	356.7	383.5	336.4	310.9

Production of Main Crops

	Thous. Tons				
	1980	1986	1988	1989	1990
Foodcrops (in rice equivalent)	14406.4	18379.1	19583.1	21515.6	21541
Other Cereals (in rice equivalent)	2759.0	2376.2	2583.1	2519.3	2400
of which:					
Maize	428.8	569.8	814.9	837.9	728
Sweet Potatoes (fresh)	2417.6	1958.7	1901.8	1909.2	1950
Cassava (fresh)	3323.0	2882.3	2839.3	2585.4	2525
Potatoes (fresh)	872.2	305.4	346.7	330.7	
Cotton	2.1	4.6	4.2	3.3	4.2
Jute	27.5	54.5	36.8	34.3	29
Rush	75.2	97.5	83.7	81.2	78
Sugarcane	4358.9	4964.6	5700.4	5344.6	5400
Peanut	95.0	211.1	213.9	205.8	218
Tobacco	25.6	33.4	35.5	23.9	17.6
Tea	21.0	30.1	29.7	30.2	145
Coffee	8.4	18.8	31.3	40.8	229
Pepper	0.6	3.6	6.2	7.1	8
Rubber	41.0	50.1	49.7	50.6	52
Orange	83.3	111.9	103.1	101.0	
Banana	1037.4	1224.1	1215.2	1227.2	

Production of Main Crops (Continued)

	Thous. Tons				
	1980	1986	1988	1989	1990
LIVESTOCK AND POULTRY					
Buffaloes (thous. heads)	2313	2657.6	2806.8	2871.3	2928.7
Cattle (thous. heads)	1664.2	2783.5	3126.6	3201.7	3281.7
Pigs (thous. heads)	10001.2	11795.9	11642.6	12217.3	12583.0
Horses (thous. heads)	115.6	136.6	132.5	143.0	
Poultry (mil. heads)	64.5	99.9	96.3	104.8	110.1

TOTAL VALUE OF EXPORTS AND IMPORTS (in actual price) Mil. Rubles - Dollar

	EXPORT				
	1980	1986 (1)	1988	1989	1990
TOTAL	338.6	822.9	1038.4	1946.0	2189.2
By Group Countries (1)					
Socialist-Mil. Rubles	225.9	438.9	590.7	807.4	1019.5
Others-Mil. Dollar	112.7	384.1	447.7	1138.6	1169.7
By Commodity Sections					
Light Industrial and Handicraft Goods	160.5	245.6	383.8	571.3	
Agricultural Products	116.2	329.2	349.2	742.2	
Forestry Products	13.7	80.1	59.3	86.7	
Heavy Industrial Products and Minerals	36.9	62.1	66.9	354.8	
	IMPORT				
	1980	1986 (1)	1988	1989	1990
TOTAL	1314.2	2155.1	2765.7	2656.8	2595.4
By Group Countries					
Socialist-Mil. Rubles	755.1	1659.4	2028.5	1725.8	1353.7
Others-Mil. USD	559.1	495.7	728.2	840.0	1241.7
By Commodity Sections					
Complete Equipment	360.1	426.2	576.2	509.5	395.0
Machinery	187.4	179.8	194.3	172.5	267.0
Instrument and Accessories	78.5	143.0	188.5	178.3	170.3
Fuel, Raw Materials	370.6	1118.1	1376.8	1377.2	1353.4
Consumer Goods	315.4	228.0	420.9	328.4	310.0

NOTES: (1) Estimated the export value of provinces into other countries

MAJOR EXPORT PRODUCTS

	1980	1986	1988	1989	1990
Coal (thous. tons)	656.0	752.1	349.4	579.0	812.5
Cement (thous. tons)	44.2	12.7	10.6	22.0	
Log (thous. m ³)	155.2	244.0	191.3	421.2	
Rubber (thous. tons)	32.8	36.6	38.0	57.7	59.0
Embroidery Products (mil. ruble/dollar)	25.5	14.8	18.0	44.8	
Rattan and Bamboo Products (mil. ruble/dollar)	16.3	27.8	36.5	54.4	
Garment (mil. pieces)	22.7	29.3	44.1	54.9	54.0
Tea (thous. tons)	9.0	11.5	14.8	15.0	13.3

MAJOR EXPORT PRODUCTS

	1980	1986	1988	1989	1990
Coal (thous. tons)	656.0	752.1	349.4	579.0	812.5
Rice (thous. tons)	33.3	158.1	91.2	1420.2	1500.0
Coffee (thous. tons)	4.0	24.0	33.8	57.4	63.5
Peanut (thous. tons)	8.5	116.8	155.4	79.6	89.4
Fish, Shrimp, Cuttlefish (thous. tons)	2.7	18.5	31.2	47.9	

MAJOR IMPORT PRODUCTS

	1980	1986	1988	1989	1990
Tractor (unit)	971	452	403	763	400
Mototorries (unit)	2339	5157	3668	3647	3581
Steel, Metal (thous. tons)	162.3	367.1	494.8	379.4	321.5
Fuel and Oil (thous. tons)	1326.2	2108.1	2450.9	2262.3	2890.0
Tyres and Tubes (thous. pair)	105.8	175.8	178.3	151.9	111.4
Fertilizers (thous. tons)	411.5	2138.5	2345.0	1840.0	
Cotton (thous. tons)	41.6	54.0	64.0	51.5	59.1
Medicine (mil. ruble/dollar)	14.7	28.2	29.3	29.3	24.8
Textile (mil. metres)	55.7	33.2	74.2	40.2	
Sugar (thous. tons)	49.9	40.5	22.0	66.5	
Food (thous. tons)	887.8	539.1	464.9	183.3	

Suggestions Made on Wages, Educational Matters 912E0227A Ho Chi Minh City TUOI TRE in Vietnamese 25 Jul 91 pp 1, 5

[Article by NV, BT: "Before 9th National Assembly Session, Voters' Suggestion: Wages, the Working People's Urgent Matter; Education: Budget for Level I Still Too Low"]

[Text] In the morning of 23 July, at the headquarters of the Municipal Labor Union, National Assembly Deputies Mai Van Bay, Nguyen Xuan Oanh, Tran Bach Dang, and Nguyen Hieu Liem met with the representatives of workers-voters.

The voters' opinion focused on two major points—wages of workers and civil servants, social security, and a number of matters having to do with production and daily life.

About wages, voters believed that it was time to carry out without delay the program of wage reforms because wages are the working people's current urgent problem that must be resolved unless they will be deprived of a driving force for developing production and raising labor productivity. With their present wages, the working people are unable to pay for the minimum needs in their everyday life, a fact that easily leads to negative acts. About Decision 110, which makes price adjustment reflected in wages, voters said that the level of adjustment calculation is unrealistic in terms of current prices and makes workers' lives more miserable.

The representative of the voters in Electricity Corporation II trade union suggested that the National Assembly reconsider the energy network and authorize the construction of

Thac Mo and Ham Thuan hydroelectric power plants to increase electric energy supply in the South. The Phu Nhuan District Labor Union thought that in order to enforce the law in a fair manner the National Assembly should need a system of controlling the work of the executive branch. The editor in chief of NGUOI LAO DONG, in the capacity of a voter, suggested that the National Assembly review the text of the document imposing a 4 percent sales tax on the press.

Also in the morning of 23 July, in the conference hall of the Education Service, National Assembly Deputies Ly Chanh Trung, Chu Pham Ngoc Son, and Pham Phuong met with a group of voters, who are educational management cadres, teachers, and parents. About tuition, voters pointed out that although the National Assembly has issued a resolution to waive the payment of level I tuition, there is no way for this resolution to be carried out because the budget appropriated for level I education remains too small. In addition to raising the budget for education, voters also suggested that efforts be intensified to diversify schools and classes so as to ensure the conditions for developing a system of public schools worthy of its name and that the management and use of the budget for education be assigned to the educational sector itself. About making level I education compulsory, they said that in the present situation, it will be difficult to carry out the law on compulsory education (if it is passed by the National Assembly), particularly in the outskirts of the municipality. Many voters-parents expressed their concern about the present state of students' morality and suggested that the contents of the Morality and Civic Education courses in the curricula be reviewed.

Airline Crews' Involvement in Smuggling Noted*912E0223A Hanoi HANOI MOI in Vietnamese
9 Jun 91 pp 1, 2*

[Article by Nguyen Xuan Yem and Ho Manh Hung:
"Fighting Smuggling Via Airline Flights"]

[Text] Along with the renovation of the nation, in recent years the Vietnamese civil aviation sector has renovated its appearance and activities, especially in merging with the international civil aviation sector. The increasingly larger number of international flights have demonstrated the new features and strengths of the Aviation General Department in the past and the Civil Aviation General Department at present. However, the opening of the air space has been accompanied by the phenomenon of smuggling via airline flights.

With Flight Group 919...

On 1 January 1991, at the beginning of the seventh phase of the campaign to attack and suppress crime in accordance with directive 135-HDBT, the Hanoi economic police discovered and detained an automobile bearing license plate HK51-42 that was transporting seven cadres and pilots (of flight group 919) who were members of the flight crew of a TU-B4 that had just made three flights between Vietnam and Thailand, Vietnam and Malaysia, and Vietnam and the Philippines, and had returned to Noi Bai international airport. They brought in smuggled goods and contraband consisting of 13 kilograms of .9999 pure Swiss gold, 575 foreign watches, 650 embroidered Thai blouses, etc., valued at about 1.5 billion dong. The municipal public security police ordered the temporary detention of Nguyen Duy Soi, the flight crew's chief engineer, and Lai Hung Chau, a mechanic with flight group 919. An antismuggling undercover agent of the economic police of the Municipal Public Security Service told us that the Service had prosecuted more than 10 cadres and personnel of flight group 919 for abusing aviation facilities to smuggle goods across the border. On 5 January 1991 undercover agents discovered in automobile H12-51-41 five crew chiefs—Tran Thanh Thuy, Lam Hong, Nguyen Viet Lien, Nguyen Dinh Doan (cadres of flight group 919), and Cu Ngoc Tuyet (who lives at 14 Hoi Vu), who had smuggled in 50 Nato shirts and 70 pairs of foreign shoes. The economic police bureau completed their dossiers in coordination with the tax branch office of Hai Ba Trung Ward, and confiscated 4.6 million dong. On 24 January 1991 the economic police bureau discovered that flight crew TU134, made up of Nguyen Huu Rot, Tran Liem Khe, Ha Vinh Thanh, and Nguyen Tuan Hung, a pilot with group 919, transporting in automobile 29C-94-40 24 tael of gold, 10 video recorders, and six cassette players on which taxes had not been paid. The economic police coordinated with the tax branch of Hai Ba Trung Ward to prosecute them.

Recently, on 22 April 1991, by the use of professional measures the economic police cooperated with the Phu Lo traffic police station to inspect two automobiles, bearing

license plates 29C-94-32 and 29C-94-28, which were transporting AN24 and Il18 flight crews of flight group 919. The public security police discovered three subjects—Phan Thanh Long (co-pilot of an AN24 aircraft), Nguyen Van Lenh (a pilot), and Phan Van Binh (a navigator), who brought in \$9,450 U.S. hidden in bundles of Vietnamese money.

...and Black Holes

According to a report of the responsible organ, recently, at the Tan Son Nhat port of entry there have been uncovered more than 600 incidents of exporting or importing contraband goods. The amount of foreign exchange that has been smuggled in and out has risen to nearly \$150 million U.S. dollars. At the Noi Bai port of entry the situation of the exporting and importing of smuggled goods is very serious. Taking advantage of the flights, many people, including cadres and personnel of the civil aviation sector, have created a black hole of smuggling and buying and selling contraband goods, which has seriously affected the nation's economy and security. On 2 January 1991 the economic police bureau of the Municipal Public Security Service conducted an investigation and discovered that automobile HK54-16, driven by Nguyen Dinh Quang (a driver for workshops A76), was being used to smuggle 242 cartons of "555" cigarettes and 27 cartons of Hero cigarettes. That led to the discovery of a ring that smuggled and stored foreign cigarettes, consisting of Hoang Dang Toan, Pham Van Hai, and Vu Dinh Nhon (a mechanic with Enterprise A76). The public security police arrested them and filed for prosecution.

The struggle against smuggling on airline routes is extremely difficult and complicated. On 9 January 1991 the economic police of the Municipal Public Security Service discovered a Toyota bearing license plates HK51-43, driven by Nguyen Van Xian, who was transporting for Tran Van Thinh (an air marshall with the Vietnam Civil Aviation General Department) 23 cartons of "555" cigarettes and many other foreign goods. Many incidences of concealing gold or foreign currency in clothing, baggage, etc., to take out of the country were exposed. On a flight to the Soviet Union on 16 August 1990, Bureau 5 of the Economic Police Department (Ministry of Interior), along with the Control Department (Customs General Department) and the customs service of Ho Chi Minh City inspected two cadres of the Precious Stones Corporation and discovered in a handbag and a moneybelt nine precious stones weighing .5 kilogram.

An antismuggling undercover cadre of the Ministry of Interior told us there is no excuse for the acts of smuggling out gold and dollars from the port of entry to "enrich one's self or one's organ or unit." We do not forbid the aviation cadres, other cadres, or the people, to do business by means of domestic and international flights. The laws of many countries also do not forbid such activities. However, we must resolutely stop the flow of gold and foreign exchange, and the smuggling of goods in and out via airline flights. The law breakers definitively must be prosecuted for the crime of smuggling. That is a practical way to protect the economy in general and the civil aviation

sector in particular. The relevant organs must concentrate on investigating and uncovering smuggling rings on airline routes.

SOCIAL

Labor Official's Views on Wages, Salary Project

912E0226A Ho Chi Minh City TUOI TRE
in Vietnamese 20 Jul 91 p 2

[Interview with Nguyen Van Tu, a National Assembly delegate, member of the People's Council, member of the CPV [Communist Party of Vietnam] Central Committee, chairman of the Vietnam Confederation of Trade Unions, and a member of the subcommittee to study salary reform, by Huy Duc: "The Vestiges of the Salary Subsidies Period"]

[Text] [Huy Duc] Current salaries are too low and unfair. Has that situation been prolonged only because of the capabilities of the economy or also because the state still maintains a system of salary subsidies while changing over to a market economy?

[Nguyen Van Tu] Recently we have resolved the problems of the prices of commodities and services and have begun to resolve the problem of the price of money. But we have not accomplished much with regard to the price of labor, the most important factor, one determines the living standard of the workers, productivity, and the quality of goods. The current salary policy is still egalitarian and subsidizing in nature, is backward, and is impeding renovation.

The salary structure that is being applied includes part payment in money and part payment in kind. The part paid in money does not provide a minimum living standard. The part paid in kind (such as housing) accounts for a high proportion, which is unfair, cannot be accounted for, and exists only in the state sector, at a time when the economy is made up of many components.

Furthermore, the number of people who receive salaries due to the cumbersome apparatus (the state apparatus and the economic management apparatus) is too large and there are also many intermediate steps, which are also difficulties when resolving the salary problem.

[Huy Duc] There isn't much difference in salaries but there are major differences in the living standards of the people who receive salaries. Meanwhile, most of the non-salary income, especially that of some cadres, comes from the state budget. Is it not that for that reason the state must reform salaries in order to ensure social justice?

[Nguyen Van Tu] A widespread phenomenon at present is that cadres, workers, and civil servants have living standards higher than the actual salaries they receive. In some cases the living standards are many times higher. Except for some corruption and thievery which has not been discovered, most live thanks to additional legitimate labor, stipends, openings in the economic mechanism that they

can exploit without getting caught, and other individual funds that are not included in their salaries.

Those are not the main reasons for the salary reform, but they show that those extra-salary incomes are primarily based on state funds. Therefore, the argument that salaries cannot be reformed because there is no money is unsatisfactory.

[Huy Duc] In the production-commercial sectors the salaries of cadres, workers, and civil servants also vary greatly among the sectors. Is that because the cost of labor has not been determined accurately or because irrationalities persist?

[Nguyen Van Tu] Recently, on assignment by the People's Council, I went to survey the salary situation in a number of localities and found that there were indeed big differences in income levels. In such provinces as Vinh Phu, Nghe Tinh, and Ha Nam Ninh the average salaries of cadres, workers, and civil servants did not exceed 25,000 dong. At some work sites and enterprises, in some months the workers' salaries amount to only 6,000 to 7,000 dong. On the other hand, in some places the workers' salaries are about 1 million dong a month. (The average income of oil-gas workers is 200 dollars, and some people earn 500-600 dollars.) Nationwide, about 10 percent of production workers have incomes of 400,000 to 500,000 dong per month, and the average is 50,000 to 70,000 dong.

Some of those workers are especially worthy of receiving high salaries. But the phenomenon of there being a five-to-ten-times disparity in salaries of people with the same ability and work capacity merely because they work in places which produce easily marketable commodities, or have been given priority in receiving modern equipment paid for with state funds, is unacceptable.

[Huy Duc] How will the preparation of the salary reform plan resolve the remaining problems of the current salary policy?

[Nguyen Van Tu] Salary reform is intended to amend the following three basic contents:

The minimum wage: It must meet the minimum needs of the workers, such as food, clothing, housing, travel, medical care, old-age insurance, etc. The old salary system set the minimum wage as 220 dong per month. In January 1989 it was raised to 22,500 dong (equal to 45 kilograms of rice). Because of depreciation, the actual value of the current minimum wage is only 45 percent of the stipulated level. In actuality, the salaries of some workers are insufficient to buy enough rice for themselves.

Salary steps and grades: The current salary scale includes many steps. There are as many as 295 different salary levels, but the multiple between the lowest salary and the highest salary is only 3.5 (the Premier receives a salary only 3.5 times greater than a person receiving the minimum wage). The current salary steps are controlled by the administrative salary steps, which diminishes the significance of the other salary grades and does not reflect the degree of complication and the differences of each type of labor, so

creative talent cannot be brought into play. The reformed salaries will be simplified and include administrative-professional, production-commercial, armed forces, and the popularly elected officials' salary scales. The salary multiple will be seven to 13, instead of 3.5.

The salary management mechanism: The salary management mechanism is intended to restore order and control to the salary system and salary amounts to overcome the above-mentioned irrationalities. Each sector must have an appropriate mechanism to ensure the rights of the workers, the employers, and the state.

[Huy Duc] How will salary reform be carried out so that real salaries will not decline when the cost of living increases?

[Nguyen Van Tu] Clearly, a subsidy-based salary system is unacceptable in a market economy. Therefore, the salary reform is being carried out so that the units can have more complete and accurate cost accounting, and so that the state apparatus can be streamlined and work more efficiently. The present salary reform does not increase salaries, which would increase the disparity between money and goods and supply and demand, so it will not cause price increases.

Of course, whether or not the salary reforms will be carried out effectively or not will depend on whether the state's management is good or bad. As requested by the National Assembly, the preparatory steps for the salary reform must be carried out meticulously during the next few years in appropriate shares. In that process, studies will be carried out to resolve the price support problem and reduce the difficulties of the salary earners.

BIOGRAPHIC

Information on Personalities

91P30183A

[Editorial Report] The following information on Vietnamese personalities has been extracted from Vietnamese language sources published in Hanoi, unless otherwise indicated. An asterisk indicates that this is the first known press reference to this individual functioning in this capacity.

Le Duc Anh [LEE DUWCS ANH], Senior General

Minister of national defense; *member of the Politburo, the Secretariat and the Seventh CPV [Communist Party of Vietnam] National Congress; he was elected to the latter three positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Nguyen Duc Binh [NGUYEENX DUWCS BINHF]

Director of the Nguyen Ai Quoc Institute; *member of the Politburo and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Vo Tran Chi [VOX TRAA NF CHIS]

Secretary of the Ho Chi Minh City CPV Committee; *member of the Politburo and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Do Xuan Du [DOOX XUAAN ZU]

*Deputy director of the Ho Chi Minh City Municipal State Bank; he was mentioned in an article on gold and the dollar, published in the cited source. (Ho Chi Minh City TUOI TRE 25 Jul 91 p 1)

Pham The Duet [PHAMJ THEES ZUYEETJ]

Secretary of the Hanoi CPV Committee; *member of the Politburo and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Tran Huu Duc [TRAANF HUWUX DAWCS]

*Member of the CPV Central Committee; he was elected to this position at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 p 3)

Hong Ha [HOONGF HAF]

Chief of the Cabinet of the CPV Central Committee; *member of the Secretariat and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Truong My Hoa [TRUWOWNG MYX HOA]

Vice president of the Vietnam Women's Union; *member of the Secretariat and the Seventh CPV Central Committee; she was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Vu Quoc Hung [VUX QUOOC HUNGF]

*Member of the Seventh CPV Central Committee and CPV Central Control Committee; he was elected to above positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 p 3)

Phan Van Khai [PHAN VAWN KHAIR]

Chairman of the State Planning Commission; *member of the Politburo and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Doan Khue [DOANF KHUEE], Senior General

Vice minister of defense and chief of the VPA General Staff; *member of the Politburo and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Le Van Kien [LEE VAWN KIEENS]

Vice chairman of the CPV Central Control Committee; *member of the CPV Central Control Committee and member of the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Party Congress. (NHAN DAN 28 Jun 91 p 3)

Vo Van Kiet [VOX VAWN KIEETJ]

First vice chairman of the Council of Ministers; *member of the Politburo and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Tran Nhu Lich [TRAAF NHUW LICHJ]

*SRV ambassador to Yemen; on 10 June he signed an economic, cultural, science, technology, and trade agreement with Yemen's deputy minister of planning and development in Sana. (HANOI MOI 13 Jun 91 p 4)

Do Que Luong [DOOX QUEES LUWOWNGJ]

*Vice governor of the Vietnam State Bank; he was mentioned in an article on gold and the dollar, published in the cited source. (Ho Chi Minh City TUOI TRE 25 Jul 91 p 1)

Nong Duc Manh [NOONG DUWCS MANHJ]

Director of the CPV Nationalities Department; vice chairman of the Nationalities Council of the National Assembly; *member of the Politburo and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Do Muoi [DOOX MUWOWIF]

Chairman of the Council of Ministers; *general secretary of the CPV Central Committee; *member of the Secretariat and the Seventh CPV Central Committee; he was elected to the latter three positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Nguyen Thi Xuan My [NGUYEENX THIJ XUAAN MYX]

*Member of the Seventh CPV Central Committee and CPV Central Control Commission; she was elected to above positions at the Seventh National Party Congress. (NHAN DAN 28 Jun 91 p 3)

Bui Thien Ngo [BUIF THIEENJ NGOOJ] Lieutenant General

Permanent vice minister of interior; *member of the Politburo and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Vu Oanh [VUX OANH]

In charge of the CPV Central Committee proselytizing work; *member of the Politburo and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Nguyen Ha Phan [NGUYEENX HAF PHAN]

Chairman of the People's Committee, Hau Giang Province; *member of the Secretariat and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 2, 3)

Ha Huy Sung [HAF HUY SUNG]

*Deputy director general of Vietnam Trade Bank; he answered readers' queries on foreign currency. (NHAN DAN 16 May 91 p 3)

Do Quang Thang [DOOX QUANG THAWNGS]

Secretary of the CPV Committee, Quang Ngai Province; *chairman of the CPV Central Control Committee; *member of the Secretariat and the Seventh CPV Central Committee; he was elected to the latter three positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Le Phuoc Tho [LEE PHUWOWCS THOJ]

In charge of the CPV Central Committee agricultural task; *member of the Politburo, the Secretariat and the Seventh CPV Central Committee; he was elected to the latter three positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Duong Chinh Thuc [ZUWOWNG CHINHS THUWCS]

*Acting director of the Northeast Asia Department, Ministry of Foreign Affairs; on 11 Jun 91 he was present at the talks between Japanese Foreign Minister Taro Nakayama and SRV officials. (Ho Chi Minh City SAIGON GIAI PHONG 12 Jun 91 p 5)

Nguyen Duc Trieu [NGUYEENX DUWCS TRIEU]

Standing member of the CPV Committee, Ha Nam Ninh Province; *member of the CPV Central Control Committee and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 p 3)

Truong Vinh Trong [TRUWOWNG VINHX TRONGJ]

Deputy secretary of the CPV Committee, Ben Tre Province; chairman of the People's Committee, Ben Tre Province; *member of the CPV Central Control Committee and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 p 3)

Dao Duy Tung [DAOF ZUY TUNGF]

In charge of the CPV Central Committee ideology work; *member of the Politburo and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)

Doan Van Xe [DOANF VAWN XEE]

Vice minister of communications, transportation, post, and telegraph; *general director of the Vietnam General Department of Railways; on 25 May he was present at a signing ceremony on cooperation between railway services of Vietnam and Cambodia. (Ho Chi Minh City SAIGON GIAI PHONG 29 May 91 p 4)

Nguyen Dinh Tu [NGUYEENX DINHF TUWS]

*Member of the Council of State; director of the National Nuclear Research Institute; *member of the Secretariat and the Seventh CPV Central Committee; he was elected to the latter two positions at the Seventh CPV National Congress. (NHAN DAN 28 Jun 91 pp 1, 3)